

MILITARY CONSTRUCTION AND VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2008

THURSDAY, MARCH 22, 2007

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:08 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Jack Reed (chairman) presiding.
Present: Senators Reed, Hutchison, Craig, and Allard.

DEPARTMENT OF DEFENSE

STATEMENT OF HON. TINA W. JONAS, UNDER SECRETARY OF DEFENSE

ACCOMPANIED BY PHILIP W. GRONE, DEPUTY UNDER SECRETARY OF DEFENSE (INSTALLATIONS AND ENVIRONMENT)

STATEMENT OF SENATOR JACK REED

Senator REED. Good morning and let me welcome witnesses Secretary Tina Jonas and Mr. Phil Grone to testify before our Subcommittee today. I want to thank you for appearing before the Subcommittee and thank you for your service to our country.

We will be joined shortly by the Ranking Member, Senator Hutchison, and I know her leadership together with Senator Feinstein, has set a high standard for this Subcommittee that I hope and expect we can continue as we go forward.

We are now embarking on fiscal year 2008 Military Construction budget review. The purpose of today's hearing is to receive testimony regarding this year's President's budget request for Military Construction, Military Family Housing, Base Realignment and Closure, Chemical Demilitarization and NATO Security Investment Program. This year's request comes among amid requests from the Department including a fiscal year 2007 global war on terrorism supplemental request.

The recently completed joint funding resolution that completed last year's unfinished Appropriations process and now is the largest request for military construction in recent history. This request exceeds \$21 billion, which represents an increase for active component of military construction of 60 percent over last year's request.

The budget request for the Army and Marine Corps are nearly double last year's level, much of which will pay to grow the force by 65,000 soldiers and 27,000 marines. Funding for BRAC comprises another large chunk of this budget request. A total of \$8.2

billion is being requested to implement the 2005 BRAC round, which is a 45 percent increase over last year's request of \$5.6 billion.

I recognize that there is still some concern in the Department about the level of last year's BRAC funding. The House Appropriations Committee last week included \$3.1 billion in the 2007 supplemental funding bill to fully fund BRAC for fiscal year 2007 and I expect the Senate Appropriations Committee to follow suit later today. Hopefully, that issue will be put to rest in the very near future and we can all concentrate on the fiscal year 2008 budget.

In all, there is a great deal of money on the table for military construction this year and it is incumbent on this subcommittee to closely review the Department's budget request to make sure that funding is both justified and properly allocated. We look forward to your help and cooperation as we tackle that task.

Again, thank you for appearing before our committee and I look forward to your testimony today. At this time, I would like to recognize Senator Hutchison to make her opening remarks. Senator.

STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. Yes, thank you, Mr. Chairman. Welcome to all of you. I look forward to working with the new chairman of the subcommittee, Chairman Reed, on the military construction and veteran's issues. Chairman Reed certainly has knowledge and experience as a former Army officer, and with this subcommittee's tradition of bipartisanship, I am confident that we can accomplish a lot together. I would also say that I look forward to Senator Tim Johnson's speedy recovery and return to the subcommittee.

Today we are looking at the President's budget request for Military Construction and Family Housing for the Department of Defense, base realignment and closure actions, and the Department of the Air Force. As we begin the budget process for fiscal year 2008, there are several encouraging trends in the military construction budget. The overall request of \$21.2 billion is the largest ever for military construction and it includes over \$8 billion to implement BRAC actions as that program continues to meet the 2011 statutory deadline. It includes funds to begin building toward the increased end strength of the active duty Army and Marine Corps, which I, along with Chairman Reed, have advocated for a number of years.

I am very pleased to see this development and I am pleased to see the Army and Marines planning in a comprehensive way, not leaving facilities out of their calculations. At times in the past, they have left out housing considerations for our young single soldiers and marines, leaving us slightly behind. So I hope that we are going to move forward, and in a Senate Appropriations Committee meeting later today, we will mark up a bill to provide emergency funding, including military construction and veteran's funding, to support the global war on terror.

My interest in military construction is not just the size of the budget however, but in providing a smooth transition for our fighting forces. The Defense Department is executing a global re-stationing plan, which will return over 70,000 troops, mostly Army and Air Force, to the United States to places such as Fort Bliss,

Texas, and Fort Riley, Kansas. The Army is also in the midst of a huge reorganization effort to make its brigades more combat ready. The marines are preparing to undertake a massive move, relocating 8,000 marines and their families from Japan to Guam. Many of these Marines will move onto Anderson Air Force Base in Guam.

The Departments of Defense and State have done a good job in gaining Japanese funding to support this move. That makes it even more important that we have good coordination between the military services to get the move done well. These are all incredibly ambitious, and they will be enabled, in some cases determined, by the availability of facilities. We will not get a second chance to provide the right infrastructure for our soldiers, sailors, airmen and marines and our military families. That's why funding BRAC effectively is so important. The sooner we can get our service men and women out of dilapidated facilities and into the new facilities, the sooner we will live up to our commitment to provide for them in a way that is commensurate with their service to our Nation.

As we just witnessed so tragically at Walter Reed, facilities matter a great deal in the lives of our troops and their families, and we must make sure we do this well. I am somewhat concerned by the downward trend in military construction for our Guard and Reserve components. These brave citizen soldiers are making huge contributions to the global war on terror, and yet their facilities are often in the worst shape. The overall funding level is down 19.1 percent from last year. I understand that there is funding for Guard and Reserve projects in the BRAC account, but I am still interested in seeing their normal MILCON funding improved. So I hope our witnesses will be able to speak to this issue.

The Air Force will be here today. Air Force facilities have long had the reputation for outstanding quality, and while the Air Force military construction budget is down slightly this year, I know the Air Force will make effective use of the funding it is requesting. Its contribution to military family housing, though smaller than last year's request, is over \$1 billion and will eliminate 3,704 inadequate housing units through both traditional and privatized housing. I am eager to hear about the progress of build-to-lease and other creative housing solutions, like privatization and also the challenges with BRAC implementation, its activities in, as well as support of the global war on terror.

PREPARED STATEMENT

So these are some of things we will be talking about today and I appreciate so much the increases where I think they are most needed in the marines and the Army so that we can prepare the future realignments. Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Good afternoon, I would like to welcome our witnesses and guests. I would also like to welcome Chairman Reed to the subcommittee. I look forward to working with him on military construction and veterans' issues for as long as he is our acting chairman. With his knowledge and experience as a former Army officer, and with this subcommittee's tradition of bipartisanship, which I have previously experienced as both chairman and ranking member, I am confident we will accomplish much to-

gether. I would also like to say we look forward to Chairman Tim Johnson's speedy recovery and return to this subcommittee.

Today, we will examine the President's budget request for military construction and family housing for the Department of Defense, including the defense agencies, Base Realignment and Closure actions, and the Department of the Air Force.

As we begin the budget process for fiscal year 2008, there are several encouraging trends in the military construction budget. The overall request of \$21.2 billion is the largest ever for military construction. This includes over \$8 billion to implement BRAC actions, as that program continues its sprint to meet the 2011 statutory deadline. It also includes funds to begin building toward the increase in the end strength of the active duty Army and Marine Corps, which I, along with Chairman Reed, have advocated for a number of years. I am very pleased to see this development, and I am pleased to see the Army and Marines planning in a comprehensive way, not leaving facilities out of their calculations. At times in the past, they have left out the housing considerations for our young single soldiers and marines, leaving us slightly behind. So, this is a very welcome step forward. In addition, the Senate Appropriations Committee will meet later today to mark up a bill to provide emergency funding, including military construction and veterans funding, to support the Global War on Terror.

Yet, my interest in military construction is not just the size of the budget, but in providing a smooth transition for our fighting forces. The Defense Department is executing a global restationing plan, which will return over 50,000 troops, mostly Army and Air Force, to the United States, to places such as Fort Bliss, Texas, and Fort Riley, Kansas. The Army is also in the midst of a huge reorganization effort to make its brigades more combat ready. The Marines are preparing to undertake a massive move, relocating 8,000 Marines and their families from Japan to Guam. Many of these Marines will move onto Anderson Air Force Base in Guam. The Departments of Defense and State have done a good job in gaining Japanese funding to support this move, but that makes it all the more important that we have good coordination between the military services to get this move right.

These are all incredibly ambitious agendas within the Department of Defense, and they will be enabled, and in some cases determined, by the availability of facilities. We will not get a second chance to provide the right infrastructure for our soldiers, sailors, airmen and marines and our military families. This is why fully funding and effectively implementing BRAC is so important. The sooner we can get our servicemen and women out of old, dilapidated facilities and into new, state-of-the-art facilities, the sooner we will live up to our commitment to provide for them in a way that is commensurate with their service to our Nation. As we just witnessed so tragically at Walter Reed, facilities matter a great deal in the lives of our troops and their families. We must get them out of bad facilities and into good ones as quickly as possible.

It is against this backdrop that we begin to examine the budget request for military construction. The Army's \$4.04 billion request is 96.1 percent over last year's request and 100.7 percent over last year's enacted level. This increase will largely support the Army's end-strength increase. The Navy and Marine Corps have requested \$2.1 billion for fiscal year 2008, an 81.1 percent increase over the \$1.16 billion requested last year. The Air Force's budget has slowed this year, decreasing 21.1 percent to \$912.1 million from last year's request of \$1.156 billion. We owe our military families the best surroundings we can provide them, reflective of the sacrifices they make for our Nation, and I commend the Department for making quality of life a priority. All in all, the Department of Defense has requested \$1.22 billion to house troops, \$251.4 million to build hospitals and clinics, \$139.4 million for community support facilities, such as child development centers, and over \$2.9 billion to build, improve, and maintain family housing. The military services also continue to aggressively pursue privatized family housing, which has been a great success.

I am somewhat concerned by the downward trend in military construction for our Guard and Reserve components. These brave citizen-soldiers are making huge contributions to the Global War on Terror, yet their facilities are often in the worst shape, and the overall funding level is down 19.1 percent from last year's request. I understand there is funding for Guard and Reserve projects within the BRAC account, but I am still keenly interested in seeing their normal MILCON funding improve. I hope our witnesses will speak to this issue, and provide us with a plan for getting Guard and Reserve MILCON on the right track.

The Air Force will also join us today. Air Force facilities have long had a reputation for outstanding quality. While the Air Force military construction budget is down slightly this year, I trust the Air Force will make very effective use of the funding it is requesting, and will keep its commitment to maintaining top-flight facilities. Its contribution to high-quality military family housing, though smaller than

last year's request, is impressive again this year, as it is requesting over \$1 billion to eliminate 3,704 inadequate units through both traditional and privatized housing. As everyone remembers, we on this subcommittee have worked very successfully with the Air Force in recent years to take advantage of creative housing solutions, such as build-to-lease and privatization. I am also eager to hear about its progress and challenges with both BRAC implementation and hurricane recovery, as well as its activities in support of the Global War on Terror.

I look forward to discussing these and other issues with our witnesses. Thank you, Mr. Chairman.

Senator REED. Thank you, Senator Hutchison. If my colleagues want to make a comment—if not, we will go to the witnesses.

Senator ALLARD. Mr. Chairman, I have a statement to just put in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR WAYNE ALLARD

Thank you, Mr. Chairman, for the opportunity to address our panel today. I appreciate that these individuals are willing to take the time to come and discuss the President's fiscal year 2008 budget request with us.

I plan on raising an issue of much importance to southeastern Colorado, and that is the proposed expansion of the Pinon Canyon Maneuver Site.

With its close location to Fort Carson, Pinon Canyon was perfectly suited for the Army's training needs 20 years ago. However, with the arrival of 10,000 new soldiers to Fort Carson, the Army has determined that the size of the site needs to be increased in order to meet Fort Carson's new operational training requirements.

Army officials have told me repeatedly that the genesis of Fort Carson's expansion proposal occurred when several landowners approached Fort Carson and expressed their strong desire to sell. I also understand that sufficient numbers of willing sellers exist to support a significant expansion of the site. However, many in the community surrounding Pinon Canyon have major questions that they have been unable to get answers to.

Until recently, Army leadership and officials at Fort Carson have been unable to answer questions regarding the proposal. While I understand the difficult position the Army has been on this issue, I believe it absolutely necessary that they begin providing the information to the community and to Congress prior to any acquisition of property.

The leadership at Fort Carson has done a great job of reaching out and providing what information it could to the local communities. However, the Pentagon has not been as forthcoming. I believe the Congress and the local communities in Southeastern Colorado need more information before we can decide whether this proposed expansion is necessary and appropriate.

Thank you again, Mr. Chairman, for the opportunity to share some of my priorities with the subcommittee today. I look forward to the testimony of our witnesses.

Senator REED. Thank you.

Senator CRAIG. Mr. Chairman, I will do the same and include my comments.

[The statement follows:]

PREPARED STATEMENT OF SENATOR LARRY CRAIG

Madam Chairman, thank you for holding this hearing today. Thanks also to the witnesses for testifying today regarding the President's fiscal year 2008 budget for Military Construction. During times of both war and peace, it is important for the Congress and the Administration to work closely together to ensure that our soldiers receive the very best we can provide them. The budget we are reviewing today attempts to address some of the military construction needs of our soldiers and our military bases.

Although my State of Idaho has relatively few military installations, we have real military construction needs that must be met to ensure that those men and women based in Idaho are provided with the equipment and facilities they deserve for serving this great country. To that end, I have worked very hard in Congress to ensure that our military installation facilities are kept to high standards. Last year, I toured Mountain Home Air Force Base to look at the new family housing projects and other needs on base. The family housing is quite impressive, and I am pleased

that we are able to provide such high quality accommodations for our servicemembers and their families. Unfortunately, there are other critical needs on base that are not being met. The dining facility is inadequate, outdated, and in need of improvements, but more important, the Logistics Readiness Center needs immediate attention.

The Mountain Home Readiness Center continues to be housed in a 53-year old condemned facility, in which the roof is being held up with temporary structural supports. Because it is in such bad shape, 60 percent of the base's supplies are operating from temporary spaces across the base, causing significant delays for training and mobilization.

To me, this is absolutely unacceptable. While our soldiers are training and living at home or abroad on military bases, we should do our utmost to limit the risks of injury by forcing them to continue to use old and condemned facilities. The Mountain Home Air Force Base Logistics Readiness Center does not meet adequate standards for a military base and I will be working with the Chairman and Ranking Member to address this critical funding need.

With that, I look forward to hearing your testimony.

Thank you.

Senator REED. Thank you very much.

Ms. JONAS. Mr. Chairman could I also put my full statement in the record?

Senator REED. Without objection. The statements of the witnesses are also in the record, so feel free to summarize your comments. Ms. Jonas.

Ms. JONAS. Mr. Chairman and members of the committee, thank you for giving us the opportunity to discuss the fiscal year 2008 Military Construction budget. I want to start off by thanking the committee for their work and the work that you will do this afternoon on restoring the \$3.1 billion that is going to be needed in fiscal year 2007 for base realignment and closure. We thank you for your work on that.

I would like to provide a little bit of context and hit a few highlights and then, of course, as you stated Mr. Chairman I would like to have the statement in the record.

As you may already know, the President's fiscal year 2008 base budget is a total of \$481.4 billion. This is a 11.4 percent increase over the fiscal year 2007 budget and it is real growth of about \$8.7 billion. We believe it maintains the President's commitment, our commitment, to have a high state of readiness, to increase our ground force strength, enhance the combat capabilities of the United States Armed Forces and continue the development and implementation of capabilities for the U.S. military's superiority against future threats and of course, most importantly, to provide strong support for our men and women in uniform and their family members. The military construction budget, as you know, is \$21.1 billion and we look forward to working with the Committee as you mark up that legislation.

PREPARED STATEMENT

As already noted in your statements, it does provide for the increase of 92,000 additional forces providing, another \$2.9 billion for family housing, privatizing another 4,261 housing units, renovating another 3,000 military owned houses and operating and maintaining a worldwide housing inventory of 78,386 homes. So, I'll provide the rest of the statement for the record, sir, but we look forward to working with you on this request and we appreciate this Committee's strong support for our men and women in uniform.

[The statement follows:]

PREPARED STATEMENT OF TINA W. JONAS

Mr. Chairman, members of the Committee, thank you for the opportunity to discuss the Military Construction component of President Bush's fiscal year 2008 budget request for the Department of Defense.

On behalf of the men and women of the Department—both Service members and civilians—I thank the Committee for its continued support of America's Armed Forces. We look forward to working with you to ensure that our military men and women have everything they need to carry out their vital mission.

As Mr. Grone's statement comprehensively describes the Military Construction component of the President's fiscal year 2008 budget request and related issues, I will simply add a few comments from the perspective of the Office of the Comptroller.

Fiscal Year 2008 Base Budget

Mr. Chairman, the President's base budget requests \$481.4 billion in discretionary authority for the fiscal year 2008. That is an 11.4 percent increase over the fiscal year 2007 budget, with real growth of 8.7 percent.

The base budget sustains the President's commitment to:

- Ensure a high state of readiness and ground force strength,
- Enhance the combat capabilities of the U.S. Armed Forces,
- Continue the development and implementation of capabilities to maintain U.S. superiority against future threats,
- And continue the Department's strong support for Service members and their families.

The Military Construction portion of that request, which supports those strategic objectives, is \$21.1 billion. It funds the Department's most pressing facilities requirements—especially the strategic realignment of our forces being carried out under the Base Realignment and Closure Commission.

This includes preparing facilities in the United States for troops returning from bases in Europe, and from Iraq and Afghanistan.

In addition, funds are being sought for new construction and replacement of troop housing and for facilities to support the increase of 92,000 Service members recently approved by the President.

The request also includes \$2.9 billion for family housing. The funding for this vital "quality of life" program will enable the Department to:

- Privatize 4,261 housing units,
- Renovate another 3,000 military owned houses, and
- Operate and maintain our world-wide housing inventory of 78,386 homes in order to provide high quality homes to our Service members and their families.

Fiscal Year 2008 Global War on Terror Request

In addition to the base budget, the President's request for fiscal year 2008 includes a separate request of \$141.7 billion to continue the fight in the Global War on Terror.

Included in the Request is \$738.8 million for limited construction projects to support wartime operations and to enhance force protection.

The funds will provide additional airfield facilities, operational facilities, support facilities, billeting, fuel handling and storage, utility systems, and roads in Iraq and Afghanistan, as well as military construction related to two accelerated Army Brigade Combat Teams and one Marine Corps Regimental Combat Team.

The fiscal year 2007 Emergency Supplemental Request included \$3.6 billion to support the accelerated BCTs/RCT. An additional \$1.6 billion is needed in fiscal year 2008 to continue that initiative, including \$169.2 million for the construction of facilities to accommodate additional Marine Corps personnel at Camp Pendleton and Twenty-Nine Palms, California, and at Camp Lejeune, North Carolina.

We need to make those investments now. With that in mind, we ask the Committee to support the Military Construction portions of the President's budget in full.

Mr. Chairman, we are a Nation at war. The brave men and women who today wear the uniform—volunteers all—are fighting to defend our freedom and security. They are doing a magnificent job, and they need and deserve our support. I thank you, Mr. Chairman—and all the Members of the committee—for the support you have shown them in the past and, on their behalf, I ask for your continued support in the future.

Mr. Chairman, thank you for the opportunity to participate in this hearing. I welcome your questions.

STATEMENT OF PHILIP W. GRONE

Mr. GRONE. Thank you, Mr. Chairman and Senator Hutchison and members of the subcommittee. I am pleased to appear before you this morning to discuss the budget request for the Department of Defense for fiscal year 2008, particularly those programs within the jurisdiction of this Subcommittee that support the management of our installation assets. As the chairman noted and several others have noted as well, the Military Construction budget for fiscal year 2008 is the largest request that we have made. I would make a point much broader than that in terms of support to installation assets and to support of mission, whether it's military construction, military family housing, base closure, environmental matters, installation support, base operating support, the total portfolio that supports our mission.

We are requesting \$56 billion from the Congress in appropriations for the coming fiscal year to support the business area of installation and their critical support to mission and to quality of life. It is also the largest request in this business portfolio that we have ever requested. A couple of key points about the budget request. The budget request currently supports a re-capitalization rate of 67 years, achieving the goal of a 67-year recapitalization cycle for the Department's real property assets. In 2001 that rate stood at 192 years. Clearly, we are making progress. The budget request provides 88 percent of the need to sustain our facilities.

As Senator Hutchison and others have noted, the budget request continues our efforts in the area of military family housing. Last year's budget provided the resources that would allow us to resolve the problem of inadequate family housing in the United States by our target of 2007 and we remain on track to achieve the elimination of such units overseas by fiscal year 2009.

In the end state, we expect that 90 percent of the Department's then existing inventory of military and family housing will be privatized and the survey results that we are getting back from residents shows that this program is not just successful from an acquisition perspective but it is very successful from a customer perspective. People like the product that is being produced.

We continue our efforts on energy conservation. In this past fiscal year 2006, military installations reduced energy consumption by 5½ percent, exceeding the energy conservation goal of 2 percent. So again, we are making progress in stewardship and sustainment of resources and assets.

Certainly the largest part of the program we have before the subcommittee in terms of the proposal is our request to support base realignment and closure and we deeply appreciate, and I will second the comments of my colleague to my right, the support of the members in the effort to restore the \$3.1 billion necessary to carry out BRAC actions in this fiscal year. The \$8.2 billion that has been requested for the coming fiscal year will enable us to keep to schedule, will enable us to successfully complete the round on time and as the members know, this round is the most comprehensive, most joint, most significant round that affects the total force, not just the

active component, but the active Guard and Reserve that we have ever undertaken and it will show direct benefit to military readiness into the future.

PREPARED STATEMENT

So, Mr. Chairman, we have always appreciated the support and continue to appreciate the support this subcommittee has provided to the Department. We look forward to continuing to improve military infrastructure installations in the United States and across the globe to support the mission. Thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF PHILIP W. GRONE

Mr. Chairman, Senator Hutchison, and distinguished members of the Subcommittee, I appreciate the opportunity to appear before you today to address the President's Budget request for fiscal year 2008 and to provide an overview of the approach of the Department of Defense to the management of the Nation's military installation assets.

Overview

As our Nation's security challenges become more complex, the military must become an increasingly agile joint force that is dominant across the full spectrum of operations. Installations are a critical component to this Nation's force capabilities. DOD is vigorously managing its facilities and infrastructure to ensure that it delivers cost effective, safe, and environmentally sound capabilities and capacities to support the National Defense Mission.

Not only is the Department incorporating best business practices but it is also expanding these practices into new, previously unexplored areas. For example, DOD's infrastructure investment strategy uses key metrics to provide quality facilities that directly support mission and readiness and also developed advanced business processes that align more closely to warfighter mission area requirements. Implementation of the Real Property Inventory Requirements document provides the basis for a more accurate and current asset inventory database which will maximize asset management and provide senior leaders with an improved decision-making tool to measure performance. With the development of a net-centric data warehouse for the Department's real property infrastructure and utilization information, timely and accurate real property data will be readily available to support key facilities metrics. The rigor provided by these practices in planning, managing, and maintaining DOD installations improves overall efficiency while improving investment decision-making.

Global Defense Posture

The Department continues its efforts to realign its permanent base structure at home and abroad to effectively enable military transformation and to better deal with 21st Century security challenges. The Department has begun the process of realigning or closing a number of large permanent bases overseas in favor of small and more scalable installations better suited for rapid deployments. The Global Defense Posture realignment effort identified an overall set of plans for returning overseas forces back to military installations in the U.S. These plans were integrated with the BRAC process regarding relocations from overseas to domestic bases during the prescribed BRAC time period. All Services factored requirements of returning forces into their domestic infrastructure requirements and this resulted in recommendations to accommodate forces at U.S. installations.

Some overseas changes have already been implemented in accordance with ongoing Service transformation efforts and within the framework of negotiations with host nations. In many cases, the changes involve units that are inactivating or transforming with no significant BRAC impact. As we begin implementing the BRAC recommendations there are overseas posture changes still being developed or being phased to be implemented after the BRAC implementation period. DOD will continue to consult with Congress on its plan and will seek your support as we implement these far-reaching and enduring changes to strengthen America's global defense posture.

Implementing Base Realignment and Closure (BRAC) 2005

The President approved and forwarded the Commission's recommendations to Congress on September 15, 2005. The Congress expressed its support of these recommendations by not enacting a joint resolution of disapproval and on November 9, 2005, the Department became legally obligated to close and realign all installations so recommended by the Commission in its report. BRAC 2005 affects over 800 locations across the Nation through 25 major closures, 24 major realignments, and 765 lesser actions. The significant transformation to the Total Force and its operational capability, the Departments business operations, and to the savings ultimately derived from BRAC require resources to meet adequately the challenges of implementation.

The Congress provided \$1.5 billion to the Department in fiscal year 2006 (\$1.9 billion was requested in the fiscal year 2006 President's Budget) to begin implementing the BRAC recommendations. This initial funding was used to begin planning, design and construction, program management, and the environmental studies that serve as the foundation for constructing and renovating facilities to accommodate missions at receiving sites. Notable examples include the Brigade Combat Team (BCT) complexes at Fort Carson, Colorado, Fort Knox, Kentucky, and Fort Bliss, Texas, and a Division Headquarters and Sustainment Brigade Headquarters at Fort Riley, Kansas.

The fiscal year 2007 President's Budget requested \$5.6 billion to continue implementation. Previous continuing resolutions for fiscal year 2007 provided \$542 million to the Department for this purpose. However, the recently passed Joint Resolution limits fiscal year 2007 funding to \$2.5 billion, a \$3.1 billion (55 percent) reduction from the President's Budget. This seriously affects construction timelines because over 80 percent of the BRAC budget in fiscal year 2007 directly supports military construction. This 55 percent reduction will significantly jeopardize our ability to execute BRAC 2005 by the statutory deadline of September 15, 2011, thereby sacrificing savings that could have been achieved during the delayed timeframe, and delay achievement of operational mission requirements. The magnitude of the reduction requires careful evaluation to support allocating the reduced funding within the Department so that only those projects with the highest priority, determined by their operational and/or business case effects, go forward on the schedule previously provided to Congress. While operational impacts are self-explanatory, business case considerations are worthy of note. These include cases where incrementally funded projects started last year must continue, and/or where projects support follow-on actions, produce significant savings, or lead to expeditious asset disposal. This evaluation formed the basis for the BRAC portion of the expenditure report required by the Joint Resolution that was provided to the appropriations committees on March 16, 2007. Implementing BRAC 2005 actions represents a significant financial commitment by the Department. In the fiscal year 2007 budget justification material provided to the Congress, the Department indicated that, in some cases, the out-year program did not fully reflect expected costs for the remainder of the BRAC implementation period (fiscal year 2008–2011). The Department of Army anticipated a shortfall as much as \$5.7 billion and the Air Force estimated its shortfall at approximately \$1.8 billion over the program.

The fiscal year 2008 President's Budget request is approximately \$3.0 billion more than the fiscal year 2007 President's Budget request and the \$8.2 billion requested, as well as the out-year program, represents full funding for BRAC 2005 implementation assuming funding is restored for fiscal year 2007. In previous BRAC rounds, the third year of implementation was generally the peak of the "bell shaped" investment curve. For BRAC 2005, the fiscal year 2008 budget request represents the critical year of execution in the 6-year statutory implementation period and includes \$6.4 billion for military construction, \$1.2 billion for operations and maintenance to relocate personnel and equipment, \$112 million for environmental studies and remediation, and \$453 million for "other" costs primarily associated with installation communications, automation, and information management system equipment in support of construction projects.

The Department has embarked on assessing the domino impact the \$3.1 billion reduction will have on the fiscal year 2008–2011 implementation program should it not be restored. The complexity and duration of many implementation actions required fiscal year 2007 funding. Military construction projects and other expenditures related to the movements of missions contained in the fiscal year 2008 President's Budget will need to be re-baselined.

Assisting Communities

The Department, through the Office of Economic Adjustment (OEA) and the Defense Economic Adjustment Program (DEAP), continues to work with States and

communities across the country as they respond to the effects of broad changes in Defense infrastructure, including efforts resulted from BRAC, Global Defense Posture Realignment, and modularity. In the context of BRAC, to date, the Department has recognized 121 Local Redevelopment Authorities (LRAs) that are responsible for creating a redevelopment plan for property made available for civilian reuse as a result of BRAC and to directing implementation of the plan. The majority of these communities, with assistance from OEA, are presently working to develop a consensus for redevelopment that reflects the specific market forces, public facility and service needs, and private sector circumstances found at each location and to gauge local homeless and community economic development interests in these properties. At the same time, efforts are being made between these LRAs and the Military Departments to link local civilian redevelopment activities with the Department's environmental and property disposal efforts, including any necessary environmental remediation.

At the same time, DOD is working with several communities where mission growth is projected to impact the surrounding region. Across these locations, resources are being applied to assist communities to understand and respond to anticipated impacts on local housing, schools, water and sewer, and transportation. Additionally, spousal employment, health care, public services, and child care are of some concern. A primary concern for all is how to develop and apply local, State, and private resources to address local need. Through this process, possible gaps in these civilian sources are also being recognized as opportunities for third party and Federal assistance. Presently, these communities are in close dialogue with the local installations to understand the timing and scope of these growth actions.

The ability to capably assist these communities, regardless of whether there is downsizing or mission growth, must include our Federal agency partners. On behalf of the Secretary of Defense, I Chair the President's Economic Adjustment Committee (EAC) at the sub-cabinet level to coordinate efforts across 22 Federal agencies to assist these communities. Under the auspices of the EAC, team visits will likely be undertaken to locations to better understand the local adjustment challenge and more capably address potential needs for other Federal assistance. A report documenting the efforts of the EAC to date will be submitted shortly for your review.

Managing Infrastructure

The President's budget request for fiscal year 2008 will permit the Department to continue its efforts to manage installation assets comprehensively and efficiently. Along with continued improvement in business practices and a focus on environmental sustainability, the Department is focused on improving the quality of military installations as evidenced by the emphasis on more accurate Quality Ratings that are currently being collected by the military Departments. Managing DOD real property assets is an integral part of comprehensive asset management. The Department currently manages over 533,000 buildings and structures, which reside on over 51,400 square miles of real estate.

The President's Management Agenda Real Property Asset Management initiative focuses on improved asset management planning, inventory and performance measure data, and the disposal of unneeded assets. DOD has implemented an asset management plan and provides inventory and performance data to the Federal Real Property Profile annually. DOD's Real Property Inventory Requirements implementation continues to refine the quality of data collected and reported to the government-wide database. We continue to improve our progress on the Real Property Scorecard.

The quality of infrastructure directly affects training and readiness. To that end, the Department is incorporating installations assessments more fully into the Defense Readiness Reporting System. DOD has made significant progress in integrating its installations into this Department-wide program. There is currently an operational system in the Navy, Defense Readiness Reporting System-Navy, which is based on the contribution of installations to the achievement of mission essential tasks. To better manage infrastructure investments, the Department continues to develop models and metrics to predict funding needs. The Facilities Program Requirements Suite, a web-based suite of real property inventory data models and fact sheets, continues to be refined and further expanded to more accurately determine requirements, predict funding needs, and better manage infrastructure investments.

Sustainment.—Facilities sustainment provides funds for maintenance and major repairs or replacement of facility components that are expected to occur periodically throughout the life cycle. Sustainment prevents deterioration, maintains safety, and preserves performance over the life of a facility. To forecast funding requirements, DOD developed the Facilities Sustainment Model using standard benchmarks for

sustainment unit costs by facility type (such as cost per square foot of barracks) drawn from the private and public sectors. This model has been used to develop the Service budgets since fiscal year 2002 and for several Defense Agencies since fiscal year 2004. Full funding of facilities sustainment has been and continues to be the foundation and first element of the Department's long-term facilities strategy and goals. In fiscal year 2007, the Department-wide sustainment was budgeted at 90 percent. In balancing risk across the Department's program, the fiscal year 2008 budget request reflects a slight decrease in the department-wide sustainment funding rate to 88 percent, although the total amount of funds requested for the program represent an increase of \$466 million. The Department-wide long term goal remains full funding for sustainment to optimize the investment in our facilities and ensure their readiness.

SUSTAINMENT AND RECAPITALIZATION REQUEST

[President's budget in million of dollars]

	Fiscal year 2007 request	Fiscal year 2008 request
Sustainment (O&M-like) ¹	6,267	6,733
Restoration and Modernization (O&M-like plus) ¹	992	1,353
Restoration and Modernization (MilCon)	6,093	6,736
TOTAL SRM	13,352	14,822

¹ Includes O&M as well as related military personnel, host nation, and working capital funds and other appropriations such as RDT&E

Recapitalization.—Recapitalization includes restoration and modernization, provides resources for improving facilities, and is the second element of our facilities strategy. Recapitalization is funded primarily with either operations and maintenance or military construction appropriations. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities solely to implement new or higher standards, to accommodate new functions, or to replace building components that typically last more than 50 years.

The current DOD goal remains a recapitalization rate of 67 years. In fiscal year 2001, the Department's recapitalization rate was 192 years. This budget request supports a recapitalization rate of 67 years, an improvement over last year's budgeted rate of 72 years. The improvement in the rate is largely due to investments associated with BRAC construction investments and the Global Defense Posture realignment. Currently, DOD is in the process of developing and fielding a new recapitalization model for assessing the replacement cycle that will improve upon the existing recapitalization metric through the inclusion of depreciation schedules and other benchmark improvements that are derived from private and public sector standards.

The Department remains committed to maintaining a rate of investment in facilities recapitalization that will improve, modernize, and restore existing facilities while at the same time replacing facilities in support of efforts to reshape and realign infrastructure. However, as the Department consolidates and reshapes its infrastructure, it will also experience localized growth in the size of the facilities footprint. This is necessary to provide the quality and quantity of facilities and assets necessary to support military personnel and their families. These efforts include facilities to support Army Transformation, Navy and Marine Corps barracks, and facilities for the beddown of new weapons systems such as Predator, F-22, and the Joint Strike Fighter.

On January 24, 2006, DOD joined 16 other Federal agencies in signing a Memorandum of Understanding (MOU) for Federal Leadership in High Performance and Sustainable Buildings. The MOU indicates a commitment to incorporate sustainable design principles through a comprehensive approach to infrastructure management.

The Department continues to emphasize the elimination of excess and obsolete facilities, and to encourage the aggressive pursuit of demolition to avoid unnecessary facilities sustainment and support costs. This effort to eliminate facilities that are no longer needed is separate and distinct from the BRAC process. With approximately 48 million square feet of infrastructure identified for elimination, the military Services and selected Defense Agencies are in the process of refining their annual targets for disposal and consolidation of excess capacity.

The Department established a common definition for Facilities Operation, formerly referred to as "Real Property Services." The budget request includes \$7.15 billion for this program, to address utilities, leases, custodial services, grounds maintenance,

nance, and other related functions. The Facilities Operation Model was fielded to develop standard requirements, and the Department is continuing to refine the model with particular emphasis on Fire and Emergency Services, and Real Property and Engineering Management.

Installations Support.—The Defense Installations Strategic Plan articulates the need to define common standards and performance metrics for managing installation support, and the Department has made considerable progress in this area. DOD's objective is to introduce capabilities-based programming and budgeting within a framework for the Common Delivery of Installations Support which will link installation support capabilities to warfighter requirements. The Common Delivery of Installations Support also will play a large role in implementation of Joint Basing required by BRAC 2005. Guidance for implementing Joint Basing was developed in coordination with the Military Components and is currently in the review process.

During the past year, DOD made significant progress toward developing Common Output Level Standards for all other functions of Installations Support to include Environment, Family Housing Operations and Services (formerly known as Base Operations Support). This effort is yielding common definitions and tiered performance output levels. These metrics are currently being further refined and a costing model initiative will soon be underway.

The military construction appropriation is a significant source of facilities investment funding. The fiscal year 2008 Defense Military Construction and Family Housing Appropriation request totals \$21.2 billion. This funding will enable the Department to rapidly respond to warfighter requirements, enhance mission readiness, and provide for its people. This is done, in part, by restoring and modernizing enduring facilities, acquiring new facilities where needed, and eliminating those that are excess or obsolete.

COMPARISON OF MILITARY CONSTRUCTION AND FAMILY HOUSING REQUESTS

(President's Budget in millions of dollars—Budget Authority)

	Fiscal year 2007 request	Fiscal year 2008 request
Military Construction	6,390	9,480
NATO Security Investment Program	221	201
Base Realignment and Closure IV	191	220
Base Realignment and Closure 2005	5,626	8,174
Family Housing Construction/Improvements	2,092	1,080
Family Housing Operations & Maintenance	1,989	1,851
Chemical Demilitarization	131	86
Family Housing Improvement Fund	3	0.5
Energy Conservation Investment Program	55	70
TOTAL	16,698	21,165

Improving Quality of Life

A principal priority of the Department is to support military personnel and their families and improve their quality of life by ensuring access to suitable, affordable housing. Service Members are engaged in the front lines of protecting our national security and they deserve the best possible living and working conditions. Sustaining the quality of life of our people is crucial to recruitment, retention, readiness and morale. At the outset of this Administration, the President and the Department's leadership identified revitalizing housing, largely through privatization, as a central priority for the Department. An aggressive target of 2007 was established to meet that goal. By late fiscal year 2007, DOD will effectively complete all procedures to eliminate nearly all inadequate domestic family housing. More than 90 percent of our inadequate housing will be turned over to the private sector for replacement or renovation and the remainder will be in the final stages of solicitation for award. As of February 2007, over 110,000 housing units determined to be inadequate have been privatized. Inadequate units are considered to be eliminated when they are conveyed to the private owner, who then revitalizes the housing.

The Department continues to rely on three pillars to improve housing thereby, enhancing the quality of life for our Service members: (1) Provide the basic allowance for housing (BAH) at zero-out-of-pocket expense for the average Service member living in private sector housing (achieved in 2005, now maintaining); (2) Privatization of family housing, where feasible; and, (3) Military Construction funding for all other domestic and all overseas locations.

The Department relies on a “community first” (private sector) approach to provide quality housing to its members and their families. Only when the private market demonstrates that it cannot supply sufficient levels of quality, affordable housing does the Department provide housing to our military families; first through the use of privatization, and where that is not feasible through government-owned and leased housing. For example, in the absence of privatization authorities overseas, we address our housing needs there through military construction and leasing.

To ensure the Department is making the best investment decisions when determining the appropriate level of housing, the government provides a single and consistent methodology for calculating its housing requirement. This methodology was introduced in January 2003 and is being utilized extensively by the Services. Currently, 75 percent of military families living in the Continental United States (CONUS), Alaska, and Hawaii receive Basic Allowance for Housing (BAH) (with 60 percent living in the local community, and 15 percent in privatized housing). An additional 22 percent of our military families are provided government-owned housing and 3 percent live in leased housing. DOD projects that by the end of fiscal year 2008 over 90 percent of military families will be receiving BAH, thus allowing families the opportunity to make housing choices according to their individual preferences.

As of February 2007, the Department has awarded 71 privatization projects, which includes over 147,000 total military family housing units privatized. The private sector’s cumulative contribution to the 71 awarded deals awarded thus far totals over \$20 billion (or 90 percent) of total project development costs. The Services have contributed \$1.5 billion in development costs primarily through equity investment or government direct loans.

For fiscal year 2008, the Department requests \$2.93 billion, a decrease of \$1.2 billion from the fiscal year 2007 President’s Budget request. The decrease reflects cost savings realized by the Department achieving its respective goal to eliminate inadequate housing and to privatize the inventory on a cost-effective basis. The Department’s privatization plans in the fiscal year 2008 budget will ultimately result in the privatization of over 90 percent of its domestic family housing inventory, or roughly 194,000 units privatized by the end of fiscal year 2008.

- Fiscal year 2008 funding provides for the continuation of the privatization program to reduce costs to the government and provide quality housing to service members and their families. The fiscal year 2008 request will privatize 4,261 family housing.

- Fiscal year 2008 request provides \$353 million for the Army and Navy “Grow the Force” initiative, which will provide housing support for end-strength increases.

- \$1.9 billion to operate and maintain approximately 80,000 government-owned family housing units, and lease 38,000 units worldwide.

In fiscal year 2008 and beyond, DOD will monitor the military housing privatization projects over the next 40+ years and conduct oversight of their financial performance. DOD will protect the government’s interest while acknowledging that it is the responsibility of the private sector to take the lead on operating these projects. Current project highlights include:

- The majority of the awarded privatization projects initial development plans for renovation/construction are on schedule.

- Thirteen projects have completed their construction/renovation schedules

- The privatization projects are achieving 90 percent occupancy across all projects.

- There have been no defaults for the awarded projects.

- Awarded projects are receiving high tenant satisfaction ratings.

Finally, in fiscal year 2008 DOD will continue to push expansion of the privatization authorities for unaccompanied housing and lodging. In fiscal year 2007, the Navy executed the first Unaccompanied Housing pilot project in San Diego in December 2006, with two additional projects planned—Hampton Roads, Virginia (award April 2007), and Mayport, Florida (future date TBD). The Army anticipates award of the first Lodging Privatization project in September 2007.

Competitive Sourcing

The Department of Defense continues to strongly support the President’s Management Agenda Initiative for Competitive Sourcing. Introducing private sector competition into commercial functions performed by the Department improves business efficiency and reduces cost to the taxpayer. Public/private competitions using the procedures of OMB Circular A–76 have demonstrated substantial savings whether the in-house or private sector wins the competition. During fiscal years 2000 through 2006, the Department completed 870 such competitions encompassing about

91,000 positions. These competitions will have resulted in over \$9 billion in savings (cost avoidance) over the life of the resulting performance periods, normally about 5 years. The Department has an additional 7,969 positions currently undergoing competitions, plans to compete 10,000 positions in fiscal year 2007, and expects to maintain the same level of competitions in fiscal year 2008.

These new competitions use the procedures of OMB Circular A-76 which evaluate public and private proposals concurrently using the Federal Acquisition Regulations. As the Department's designated Competitive Sourcing Official (CSO), my office is working continuously to improve the competition process. For example, competitions that used to take up to 48 months to complete can now be completed in as little as 12 months. Such improvements will reduce stress on our workforce and will make savings available earlier to reinvest in the Department's operation.

Energy Management

The Department continues to aggressively attempt to reduce its energy consumption and associated costs, while improving utility system reliability and safety. To that end, DOD developed a comprehensive energy strategy and issued updated policy guidance incorporating the provisions and goals of the Energy Policy Act (EPA) of 2005 and is implementing the recent enactment of the new chapter 173 of title 10, U.S.C. The Department is also in the early stages of implementation of Executive Order 13423, recently issued by the President to strengthen Federal environmental, energy, and transportation management. This strategy will continue to optimize utility management by conserving energy and water usage, improving energy flexibility by taking advantage of restructured energy commodity markets when opportunities present themselves.

DOD, as the largest single energy consumer in the Nation, consumed \$3.5 billion of facility energy in fiscal year 2006. Though overall cost continues to increase due to commodity costs, consumption has decreased from the 2003 baseline. Our program includes investments in cost-effective renewable energy sources or energy efficient construction designs, and aggregating bargaining power among regions and the Services to achieve more effective buying power.

The Department's efforts to conserve energy are paying off. In fiscal year 2006, military installations reduced consumption by 5.5 percent, exceeding the energy conservation goal of 2 percent. Energy conservation projects accomplished through Energy Savings Performance Contracts (ESPC) typically account for more than half of all facility energy savings. Lapse of ESPC authority in 2004 negatively affected the Department's ability to reach the 30 percent reduction goal under Executive Order 13123. However, with ESPC authority reauthorized in the fiscal year 2005 National Defense Authorization Act and extended for an additional 10 years in the Energy Policy Act of 2005, DOD has launched an aggressive awareness campaign and is well on its way to meeting the new goals established in the Energy Policy Act of 2005. Use of ESPC for 2006 increased 316 percent, reaching an award value over \$586 million.

DOD has significantly increased its focus on purchasing renewable energy and developing resources on military installations. Renewable energy projects are consistently more expensive than similar conventional energy sources, resulting in limited opportunities but that are life cycle cost effective. The Department has increased the use of Energy Conservation Investment Program (ECIP) funds for renewable energy projects from \$5 million in fiscal year 2003 to \$17 million planned in fiscal year 2007, and to \$24 million budgeted for fiscal year 2008 out of a \$70 million ECIP request. The fiscal year 2007 program for ECIP also contains \$2.6 million in hydrogen fuel cell projects. The Department easily exceeded the EPA 2005 renewable energy goal of 2.5 percent in fiscal year 2006. The Department's total renewable energy purchases and generation accounted for 9.5 percent of all electricity use. Also, while EPA 2005 did not articulate a specific water reduction goal, the new Executive Order 13423 does have a goal of a 2 percent water reduction per year. The Department has reduced water usage by an impressive 29.6 percent from the fiscal year 2003 baseline year.

Environmental Management

Managing Cleanup.—The Department is committed to cleaning up property that, as the result of past military activities, is contaminated with hazardous substances and military munitions. DOD has achieved "remedy in place" or "restoration complete" status at 85 percent (16,833 out of 19,796) of its environmental restoration sites on active installations. As of the end of fiscal year 2006, 85 percent (4,275 out of 5,010) of the environmental restoration sites at BRAC locations closed or realigned by the first four rounds of BRAC or closed in BRAC 2005 have a cleanup remedy constructed and in place and operating successfully, or have had all nec-

essary cleanup actions completed in accordance with Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) standards. Hazardous substance cleanup at Formerly Used Defense Sites (FUDS) has achieved “remedy in place” or “restoration complete” status at 53 percent (2,487 out of the 4,654) of known sites.

As of the end of fiscal year 2006, DOD fulfilled its cleanup obligations at over 122 of the approximately 373 identified Military Munitions Response Plan (MMRP) sites at BRAC installations, and has cleanup actions underway at 251 sites. A similar situation can be found at Formerly Used Defense Sites (FUDS), where 29 percent of the MMRP sites identified have had all cleanup actions completed. Over 473 of the 1,633 FUDS with currently identified Unexploded Ordnance (UXO) contamination have been addressed, and another 1,160 are undergoing cleanup actions or study.

Environmental Management Systems.—DOD implemented environmental management systems (EMS) as required by Executive Order 13148 at all appropriate facilities. This transformation embeds environmental management as a systematic process, fully integrated with mission planning and sustainment and is essential for continued successful operations at home and abroad. Implementing EMS helps preserve range and operational capabilities by creating long-term, specific and measurable targets in comprehensive programs to sustain capability while maintaining healthy ecosystems. Benefits accrued to date are an increased awareness of environmental issues and how they can impact operations, increased communication and cooperation between departments, new initiatives to mitigate environmental impact and risk, and strengthened relationships with communities and regulators.

Pollution Prevention.—Maintaining compliance with environmental laws is an integral part of sustaining DOD operations. From fiscal year 2000 through fiscal year 2006 the Department reduced the number of new Federal and State enforcement actions received by 18 percent while the number of regulatory inspections increased by 6 percent during the same time period. In 2005, DOD installations reached a 95 percent compliance rate with wastewater treatment permits. For the 3.4 million customers served by DOD drinking water systems, in 2005, less than 7 percent of the population received notice that their water exceeded a drinking water standard (most “exceedences” were not immediate health concerns and both interim and long term solutions are either completed or underway). The Department continues to demonstrate a commitment to reduce solid and hazardous waste. From 2000 through 2005, the Department reduced hazardous waste over 15 percent by using various pollution prevention opportunities. In 2006, over 3.7 million tons of solid waste was diverted from landfills which avoided approximately \$153 million in landfill costs. This 59 percent diversion rate exceeds the Department’s diversion goal of 40 percent in 2005. Integrating a strong compliance program into installation environmental management systems will strengthen this program.

Sustaining the Warfighter

Our Nation’s warfighters require the best training and the best equipment available. This means sustaining our vital range and installation infrastructure, both here and abroad, where we test equipment and conduct training. Development in the vicinity of DOD installations and ranges continues to challenge sustainability. The unintended consequences of this encroachment upon our ranges and installations are varied, and include such issues as more noise complaints from new neighbors; diminished usable airspace due to new structures or increased civil aviation; a compromised ability to test and train with the frequency needed in time of war; and a loss of habitat for endangered species.

History and experience gained over decades demonstrate that proper training of U.S. troops will result in victory. Assured access to operational ranges is the only way to continue that training. In 2001 the Department undertook the Readiness and Range Preservation Initiative (RRPI) to achieve a balance between national defense and environmental policies. As a result, DOD has successfully balanced the statutory requirements of the Migratory Bird Treaty Act, the Marine Mammal Protection Act, and the Endangered Species Act with our national defense mission requirements. However, the Department continues to seek legislative clarification under the Clean Air Act, the Comprehensive Environmental Response, Compensation, and Liability Act, and the Resource Conservation and Recovery Act.

The Congress provided statutory authority to use Operations and Maintenance (O&M) funds to create buffers around our ranges and installations. Using this authority the Department established the Readiness and Environmental Protection Initiative, or REPI, and has worked with willing partners to cost-share land conservation solutions that benefit military readiness and preserve natural habitat. In fiscal year 2005, REPI leveraged \$12.5 million of O&M funding to secure \$48.2 mil-

lion worth of buffer land and easements, encompassing 10,238 acres at seven installations. The 2006 and 2007 projects will continue to leverage REPI funds against partner contributions. REPI and partner funding has allowed DOD to protect the Navy's one-of-a-kind La Posta Mountain Warfare Training Facility in California; to keep training areas open at Marine Corps Base Camp Lejeune, North Carolina; and buffer live-fire training ranges at Fort Carson, Colorado. Overall in fiscal year 2006, REPI initiated 23 projects in 17 States, and for fiscal year 2007 an additional 32 projects have been identified for funding. The Department has requested \$30 million dollars in the fiscal year 2008 budget to support REPI.

Partnerships are essential to success and the Department continues to work with State governments and other Federal agencies in the Southeast Regional Partnership for Planning and Sustainability—or SERPPAS. In 2006, the State of Alabama joined North Carolina, Florida, Georgia, and South Carolina as SERPPAS State members. Through this process, the partners hope to promote better planning related to growth, preservation of open space and protection of the region's military installations. The regional approach to facilitate dialogue and to address issues of mutual concern is proving successful, and in 2006, the Department took the initial steps to establish a regional partnership in the Western States.

In 2006, DOD worked closely with other Federal agencies to sustain military readiness. At Fort Riley, Kansas, the Department of Agriculture's Natural Resource Conservation Service and the Department of Defense signed a Memorandum of Understanding (MoU) to work together on conservation efforts that sustain agricultural productivity on private lands that will buffer military lands. On energy issues, the Department of Defense is working with other Federal agencies to ensure that wind farm projects and energy transmission corridors are compatible with military readiness activities. The Department is also working with the Department of Homeland Security to ensure that our military readiness activities and infrastructure in border regions are not impacted by new security measures. Outreach to non-Federal and non-governmental organizations continues to be a significant part of the Department's sustainability program, and today we are working with State, county, and local governments, Indian tribal, and environmental groups on issues of mutual concern to seek win-win solutions. Overseas, DOD is developing mission sustainment procedures to work with our host nations Global Defense Posture partners. To sustain today's warfighters, and our Nation's future warfighters, the Department of Defense will continue its engagement and partnering efforts.

Integrating Business Enterprises

The Department as a whole has made significant strides in breaking down the cultural and information technology (IT) systems barriers that hinder business agility. There is an increased need for tighter alignment of end-to-end business functions, better management visibility into operations, and a definitive focus on execution excellence. The current climate of making measurable business improvements every 6 months, tied to releases of the DOD Business Enterprise Transition Plan, has succeeded in driving progress. Changing the cultural mindset has meant redefining Defense business in terms of functions performed and the customers served, rather than who performs them. Breaking down IT systems barriers has meant, among other things, using common standards to integrate the business data owned by the Components.

The Real Property and Installation Lifecycle Management (RP&ILM) Core Business Mission area has had tremendous success with business transformation because it has been driven by the top leadership and supported across all Components and all levels. Over the past few years, RP&ILM has developed enterprise wide capabilities for real property accountability and visibility, environmental liability accountability and valuation, and hazardous materials operational controls. These capabilities are founded on requirements for standard business processes, data elements, and business rules. The Military Departments and Agencies, in coordination with the DUSD (I&E), have begun implementation efforts for these capabilities.

I&E community leadership actively oversees IT system investments to ensure that IT systems are being modernized to support the new business enterprise capabilities. I&E has become a leader in implementing DOD's net-centric vision and has already stood up a site unique identifier registry, that will allow all IT systems (and communities) with a need for location information to easily get authoritative source information. All of this foundational and transformational work has been achieved because of the established RP&ILM governance processes. These governance processes support federated management because the business owners themselves drive business modernization and the associated support IT. This work has also been completely integrated into the activities of the Business Transformation Agency, ensur-

ing that RP&ILM capabilities support the broader DOD enterprise business transformation efforts.

During the past year, the Department expanded its efforts beyond defining transformation requirements to actual implementation of business transformation. Each Military Service has either completed and is implementing, or is developing implementation plans, to deliver these reengineered capabilities. Some of our recent successes include:

- Ability to assign unique identifiers to all DOD's sites. For the first time in our history, the warfighter and business mission areas will have the ability to obtain access to real property site information at the push-of-a-button, with assurance that the data is authoritative and consistent from Service to Service.
- Development of Real Property Inventory Requirements (or RPIR) compliance assessment tools and procedures. These tools assure that the Services will implement and maintain consistent, accurate, and complete information on our vast and geographically diverse real property asset portfolio.
- Update of antiquated policies. Policy change promotes behavioral change. Building on this best practice, DOD is in the process of updating policies to include modernized processes for construction in progress, real property acceptance, and workplace hazard communication.
- Completion of standardized requirements for the management of regulatory and chemical hazardous materials information. This success allows the Defense Logistics Agency to serve the entire Department with standardized regulatory information on hazardous materials from a central repository of authoritative data. As the Services use this information in their business processes, DOD will realize cost savings, and more importantly, improve operational control of mission activities involving hazardous materials.
- The funding of a pilot to utilize geospatial information systems (GIS) and RPIR processes to determine official DOD boundaries for land parcels. The pilot also supports mapping any known environmental liabilities as outlined in the new Environmental Liabilities requirements. This pilot will enable DOD to reap many benefits as accurate geospatial information will be easily available and no longer isolated in the real property community.
- The development of Spatial Data Standards for Facilities, Infrastructure, and Environment (SDSFIE). Precision and speed are no longer unique qualifiers of the operational community alone. DOD is applying these drivers to core business mission areas as well. Fundamental to total asset management is knowing exactly where an asset is geographically located. The SDSFIE will ensure a level of accuracy and consistency never before seen as the Department geospatially enables its business areas.

CONCLUSION

In closing, Mr. Chairman, I sincerely thank you for this opportunity to highlight the Department's successes and outline its plans for the future. I appreciate your continued support of our installations and environment portfolio, and I look forward to working with you as we transform these plans into actions.

REGULAR BUDGET REQUEST VS. SUPPLEMENTAL BUDGET REQUEST

Senator REED. Thank you very much, Mr. Grone. Let's take 7-minute rounds with the anticipation that we will do at least two rounds with this panel and I will begin.

Secretary Jonas, the bundled three separate military budget requests together this year, the fiscal year 2008 regular request plus the emergency supplemental request for fiscal year 2007/2008 and there appears to be a number of overlaps in these requests. There are CENTCOM projects in both the regular and supplemental requests. There is also a large amount of funding for the Army and the Marine Corp global force and related initiatives in both the regular and supplemental requests. How did OSD determine which projects qualify to the regular budget and which would deem to be emergencies?

Ms. JONAS. As a general matter, Mr. Chairman, we try to make sure we are including funds in the supplemental that are urgent.

We work with CENTCOM and with the military services to determine, specifically on supplementals, things that are operationally important, have a force protection component, or a safety concern. That is how we generally try to decide what is appropriate for a supplemental.

With the respect to the growth of force provisions, the growing force and accelerating the additional brigade combat teams and the regimental combat team for the Marines is urgent for the rotational aspect of it. As you know, the combat commanders are requesting additional forces and so it was believed that we needed to get that done quickly. So, as a general matter, that's how we try to work that, sir.

GLOBAL WAR ON TERROR AND GROW THE FORCE

Senator REED. OSD included military construction projects for both the global war on terror and the growth force initiative in the fiscal year 2008 regular budget. If that's the case, why do we need a fiscal year 2008 global war on terror emergency supplemental? Why couldn't normal projects be included in the regular 2008 budget?

Ms. JONAS. Sir, the decision as to whether or not the request for the global war on terror expenses for 2008 would be designated emergency or non emergency was one that was made by the Office of Management and Budget.

What we tried to do is provide the best estimate that we could and package it so that Congress could consider it well ahead of time. We don't know whether a supplemental will be required for fiscal year 2008. As the Deputy Secretary has said before, we know this number is an estimate and it's the best we could do at that time. It may have to be adjusted upward or downward and we would obviously have to work with the Congress to make those adjustments, sir.

Senator REED. So that you can't rule out a request for additional emergency supplemental funding for military construction projects in Iraq particularly after this supplemental?

Ms. JONAS. As you know, Mr. Chairman, the conversation that goes on with combat commanders on request for forces and needs is a continual one. We try to work with them, so I don't know at this time. I can't tell you one way or the other whether or not they would require that and obviously there is a larger national debate that is going on that will affect it, sir.

WALTER REED ARMY MEDICAL CENTER

Senator REED. Mr. Grone, we are all aware of the tremendous firestorm that the Walter Reed situation has generated here and across the country. Last week, the House Appropriations Committee added that amendment to the supplemental that would prohibit any appropriated funds for the use to close Walter Reed. If that provision were to become law, what impact would it have on the BRAC 2005 process? Would DOD proceed with building Walter Reed replacement facilities at Bethesda, Fort Belvoir, etc etera, or would this language completely overturn the closing of Walter Reed?

Mr. GRONE. Mr. Chairman, certainly as I understand the intent of what's contained in the House bill is to prevent us from realigning Walter Reed and closing Walter Reed, repositioning that mission to Bethesda pursuant was to the recommendation of the Secretary ratified by the Commission and ultimately supported by the President and the Congress. We believe it would have a very significant effect, not just conduct of the round overall, but certainly on the immediate question of the delivery of military medical care in this entire region.

The recommendation that was developed was carefully drawn up by the medical community and carefully assessed through multiple reviews. The issue there is maximizing the military value of the assets we have, the critical assets we have with the Services we need to provide to military personnel, their families, retirees, and certainly to our wounded warriors.

Excess capacity, poor facilitation exist throughout this region. Currently we have four inpatient facilities: Walter Reed, Andrews, Bethesda, and Fort Belvoir. The notion of looking at the entire military medicine on a comprehensive basis rather than looking solely at single hospitals was one of the great innovations of this prior round and the ability of the Joint Cross Service group to do that. Walter Reed is an inpatient facility opened in 1977 with the current building, Building 2, and has not had any renovations since. The notion of combining that mission on a joint basis at Bethesda, where you also have synergy with the National Institutes of Health and with the Uniformed Services Health Science University was a critical part of this.

We would also lose, if we were compelled to keep Walter Reed in its current condition open and operating, we would lose \$170 million or so in annual recurring savings that would accrue from the implementation of the entirety of the recommendations affecting military medicine in this region. To then go forward if that was open and have to build out Fort Belvoir would exacerbate the capacity question, not resolve it, the result of which would likely be that we would be inefficiently using our resources over time and not effectively delivering medical care to our personnel.

Senator REED. One of the things that is obvious is that great attention has to be paid to this transition.

Mr. GRONE. Yes, sir.

Senator REED. If it is going to go forward.

Mr. GRONE. Yes, sir.

Senator REED. Which would imply, perhaps, acceleration of construction at Bethesda and Fort Belvoir and other facilities, attention to outpatient facilities, which may not have been included initially in the concept and consideration, frankly, for putting more resources into this whole plan, if it goes forward. Is that something that you are amenable to?

Mr. GRONE. Sir, we certainly are looking at all of those options, and currently the recommendation overall, all of the activities in this region—Walter Reed, Fort Belvoir, the other issues that are being worked, the many projects that go into a \$1.6 billion program. Certainly, the question of acceleration is an important one. We are looking at that, and there have been many useful sugges-

tions made by members of this Subcommittee and others for us to look at that.

We continue to take lessons learned from the clinical work that's being done on a daily basis to support those brave Americans who are currently here as wounded warriors that we're taking care of. So we are trying to embed all of those lessons into the process to have the world-class facility of Bethesda that we require. So, yes, we are amenable.

Senator REED. Thank you very much, Senator Hutchison.

Senator HUTCHISON. Thank you, Mr. Chairman. I am glad that you raised the point so effectively about what the impact would be of the House language because I think it is very important that you have a plan for acceleration rather than overturn what was hours, days, weeks, months of real in-depth coordination that BRAC took to make the decision that it did. I think it would be very unwise and I hope Congress will resist that. I think Walter Reed at Bethesda is the right joint operational strategy that we should continue to implement.

I would also say that an appropriations bill only lasts for 1 year. So, it is really only 1 year. It wouldn't have the permanent effect that BRAC does and yet it would delay further the implementation of BRAC and cause all of the wrong things to happen. So I hope you will have a plan that will accelerate it and come back to the committee at some point in this appropriations year to show us that.

Secondly, the other policy issue is the jointness. I think that all of the medical training facilities research being much more joint in the Department of Defense is going to mean we have better state of the art facilities for all of our military personnel and I think that would be undercut if we just precipitously in an appropriations bill changed the BRAC.

GUARD AND RESERVE

Let me just move to the Guard and Reserve issue. Obviously, you are putting the emphasis where I think it is a correct emphasis and I appreciate that and I applaud you for it. The only area that I think we have to watch is that we know Guard and Reserve are being very heavily utilized and we want their training facilities to be good enough that they have what they need to stay up to speed, state of the art, to the extent that we can and that means their facilities have to be upgraded as well. So, how are you addressing that with this year's slight diminishing of the budget?

Mr. GRONE. Well, Senator Hutchison, I think it is important that we can get the exact figure for the record, but it is important that we take a look at what was remarked earlier of the totality of what we are doing for the Guard and Reserve because it is important to look not just at what's requested in what I would call the regular program, the regular military construction programs, but also the important work that is being done in the context of the BRAC account itself.

Total force requirements are critically important, and the notion of simply considering the Active on one side and the Guard and Reserve on the other is not the way we currently think of the use of forces. It is not the way we fight. The notion of having a total force

package and total force integration is critically important and we recognize that. That is why what we did as a Department we did inside the BRAC account itself.

So each year that we have brought a BRAC request forward, there are pieces that affect not just the Active side of the house, but the total forces represented in that account. We think that's the platform for transformation initiatives on a going-forward basis. And so I think when we look at—and certainly there are always going to be folks who think there should be more funding for given initiatives. But I think when one looks at the regular military construction program and what we're going through, BRAC, I think the record of the last couple of years will demonstrate an increasing emphasis on financing for Guard and Reserve requirements that we even had 3, 4 or 5 years ago.

So, I think it is a very positive development. It's a very important development, and we want to continue to refine our requirements so that we have dollars on the most important items, but I can assure you we do take the total force piece of this very seriously.

Senator HUTCHISON. Okay, well, I appreciate that. I know you have to make choices and I don't want to say that you have made the wrong choices because I think you've made the right choices. I do think we need to always reassess just like we are now, looking at the medical facilities of the Armed Services in the wake of the Walter Reed situation. We need to also make sure that we don't have woefully inadequate Guard and Reserve facilities for those who are being called up especially. So, I appreciate what you have done.

Mr. GRONE. I absolutely concur.

Senator HUTCHISON. Thank you, Mr. Chairman.

Senator REED. Thank you, Senator Hutchison.

PINON CANYON, COLORADO

Senator ALLARD. Thank you, Mr. Chairman and thank you for this hearing. Secretary Grone, thank you. There has been a recent expansion proposal for Fort Carson. The Colorado Springs community is excited about it and as a result of that have about 10,000 or so new soldiers coming into Fort Carson.

It's anticipated that there is a need to expand the training area, which is referred to as Pinon Canyon, which is out of the Colorado Springs community. It's a ways away and fairly isolated but there are some very small communities down there and they're real concerned about their tax base and they're concerned about how it is going to affect their communities and ranches.

So I was glad to hear when the Secretary of Defense granted a waiver of the land acquisition moratorium placed on the Armed Services for the possible expansion of Pinon Canyon. Now prior to the waiver approval, the Army's hands, particularly those at Fort Carson, have been tied because they could not communicate. So, now that there is an opportunity for them to communicate and I understand the difficult position that they were in, and the Army in general is in, is on this issue.

I believe the time is right for the Army and Department of Defense to get out in front on the issue and combat some of the mis-

conceptions, I think, about the proposal that is floating around, particularly down in the southern part of the State.

Now, many of these questions I'll ask today continue to be raised by the local communities down in southeastern Colorado and I am trying to provide a forum for them to be heard. It is my understanding that your superior, Under Secretary Ken Krieg, signed off on the Army's proposal. Have you seen the Army's waiver request?

Mr. GRONE. Yes sir, I forwarded it with recommendation for approval to Mr. Krieg.

Senator ALLARD. Would you care to comment on it?

Mr. GRONE. We think that the waiver of the moratorium obviously was the right and proper decision. The Army brought forward a package requesting a waiver to the land acquisition moratorium for precisely the reasons you detailed. We don't yet know precisely what the size and scope, ultimately, of the expansion of Pinon Canyon maneuver site might be. That is part of the scoping process that we will need to go through. The important part about the approval of the waiver, as you noted, is that it allows the Army to begin the planning process, public scoping and more open engagement in dialogue with local ranchers, the communities, local mayors and the like. That's critically important and that process has formally begun. The formal NEPA process will begin this summer and fall.

I met recently within the last few weeks with a couple of members of the Colorado House from that region of the State. They had the opportunity to give some of their perspectives on it as well.

This is a very important potential expansion, but we want to do it carefully. We want to do it only calibrated to the requirements of the Army and we want to do it with enormous sensitivity to the needs of the local communities as well. So the dialogue in that process is very, very important to us.

Senator ALLARD. Now, according to my information they've targeted about 1 million acres of what they are looking at and they are thinking of somewhere around 418,000 acres. Have any of those kinds of figures been made available to the public?

Mr. GRONE. I think it is fair to say that I believe the notion of the 418,000 acres of potential expansion has been made available and that will be part of what we go through the scoping process on.

As I say, Senator, I don't know if at the end of the day, it will be 418,000 or some other smaller number. That will depend on a number of factors that we really won't be able to determine until we go through this extensive consultation and environmental impact process.

Senator ALLARD. Is there any thought about a permanent party station at the site? I guess this brings up some questions about infrastructure to that particular area, which are pretty limited right now.

Mr. GRONE. It would, but Senator, if I might, I frankly would rather defer to the Army to answer the operational or stationing questions.

Senator ALLARD. Good. From the very beginning, the Army has insisted they have identified willing sellers in the area, which is how this entire process started. Many in the local community there

have stated matter of factly that there are no willing sellers in their proposal to the Secretary of Defense. Has the Army identified potential willing sellers?

Mr. GRONE. They did not identify specific willing sellers.

Senator ALLARD. But they did indicate that there were willing sellers in general?

Mr. GRONE. The Army believes that there are willing sellers in the region and it is possible that we may have an ability for arrangements that are something short of fee-simple acquisition—licensing, leases, easements. I mean, all of those items will have to be a part of that scoping process. I won't say that there won't be a fee-simple acquisition because I think there likely will be and I do think that there will be willing sellers with which the Army will work.

Senator ALLARD. Now, with their studies, are there going to be some economic evaluations for the area positive or negative or are we going to just go into the EIS, environmental impact statement and that's it, with no economic considerations?

Mr. GRONE. I think we would be prepared to work with you and others on assessing the implications of that. It might be appropriate. I would like to go back and take a look at it. The Office of Economic Adjustment might be able to help in this way.

Senator ALLARD. I would like to look and see if we can have positive economic figures or negative economic figures for that area. I think that would be helpful.

Mr. GRONE. That is a reasonable request, Senator.

Senator ALLARD. Now, you could be looking at some public land there too. There are some public lands in the area.

Mr. GRONE. There are.

Senator ALLARD. I guess they would require, it is my understanding, they require an EIS, an environmental impact statement, as well as a private lands, is that correct?

Mr. GRONE. Yes.

Senator ALLARD. If you do acquire those public lands, what happens to those agreements for public grazing permits that have already been issued?

Mr. GRONE. In the absence of specifics, I would prefer not to answer the hypothetical. Usually, as we go through something that involves the public land and if it is withdrawn for military purposes, I don't know the specific terms of the relationship on those particular parcels, but usually we have to come back to Congress and ask for legislation for that purpose. Not always, but it sort of depends on the circumstances.

Senator ALLARD. Let us know about that, if you would, as we move along. Just one last question, Mr. Chairman. You had stated that in the past you saw no need for eminent domain. Is that still your position?

Mr. GRONE. I believe what I indicated earlier was that I was reluctant to take any available legal tool off the table.

Senator ALLARD. Yes.

Mr. GRONE. But based on what we think we understand in the context of willing sellers' we always prefer to work with willing sellers but I would not desire to rule out any legally available tools.

Senator ALLARD. But your thought right now is that you are not going to have to use eminent domain because there are willing sellers?

Mr. GRONE. My hope is that we will not have to use that. That is correct. It is always preferable not to.

Senator ALLARD. Okay. Thank you. My time is expired.

Senator REED. Senator Craig.

Senator CRAIG. Mr. Chairman, thank you very much and again I have not had the opportunity to congratulate you publicly on your chairmanship here. We look forward to working with you. It is a very important committee for a lot of reasons and let me thank both the Deputy Secretaries for being with us today. I submitted an opening statement and in that statement I am going to draw that into this question.

FACILITY FUNDING PRIORITIZATION

When a military base is scheduled to receive funding in a future FYDP for new or upgraded facilities, but those facilities are currently condemned, as is the case at Mountain Home Air Force Base. What does the Department of Defense do to ensure that those facilities will receive a priority over other facilities outside of waiting for Congress to appropriate the funds?

Essentially, is there a system within DOD to seek out these condemned facilities and bump them up in priority status as it relates to funding?

Now, I am not talking about Building 18. I am talking about a facility that I visited at my airbase. It is important for the committee to know that we have basically one military installation in Idaho, Mountain Home Air Force Base, a world-class airbase that came through BRAC with flying colors for a lot of reasons but I was out there visiting some time ago; well a couple of months ago. I try to get there several times a year and this large building, it is called Mountain Home Readiness Center, is 53 years old. The wind was blowing very hard that day and they recommended that I not go in it. And I said no. We put hard hats on and went in, Mr. Chairman and looked it over. It is propped up, it's braced up, it's old, it's dilapidated and it's critically necessary and so back to my question.

When you've got something that's necessary but condemned and a good 30-mile per hour breeze puts people who might enter it at risk, how do we handle those things? Does anyone want to respond to that? None of you now? Well then, why don't both of you respond then?

Mr. GRONE. I have not had an opportunity, although I understand your interest, I have not had an opportunity to look at this specific project that you mention, but I will do that and get back to you on that.

Each of the military departments have, and they vary by military department, each of them have different, for lack of a better word, scoring regimes for how they assess military construction requirements and how they build their budget. I frankly would prefer to defer to Mr. Anderson on the panel that follows me to speak more directly to the project itself but certainly, if we have a critical facility where there is an urgent mission need, there are things we can

do in the programming process to accelerate those and if there is a mission currently in the facility, we can use our unspecified minor construction or other authorities to help stabilize or reduce the hazard to health and well being of military or civilian personnel who might need to enter the facility. So, I'd like to take a look at the specifics.

[The information follows:]

The Logistics Readiness Center, Facility 1325, was constructed in 1953. The facility is in inadequate condition and was recently assessed condition code 3, indicating required use only. However, since Facility 1325 is the only base facility capable of supporting large logistics functions, the base must continue to use the facility until it is replaced. Operations and Maintenance resources and manpower to maintain the facility has been limited to repair of the fire suppression system, the loading dock, and the armory. Until the facility is replaced, rules for use of the building that mitigate risk to personnel have been implemented, such as evacuation when snow loads exceed four inches or when equivalent dynamic/dead loading occurs. Structural condition of the facility is monitored to avoid injury to personnel and damage to war readiness supplies.

Within the facility, physical separation and displacement of the organization's assets and resources creates ineffective administrative management, compromises security, and degrades the Wing's ability to meet mission sustainability. Workarounds and fragmented operating sites result in inefficient use of critical transportation and manpower resources on a daily basis. Excessive handling and deterioration of supplies and equipment increase the amount of assets being damaged or lost. Work areas are cramped, hampering morale and productivity.

The planned replacement for this facility is an 8,500 SM facility costing \$17.5 million. In balancing overall Air Force mission priorities, the project is planned for the fiscal year 2011 military construction (MilCon) program and would provide adequate size and configuration for storage of bulk and bin items to support Wing and flying missions in a centralized location expediting deployment rate and capability. Other mission essential operations would also be located in this new facility.

Senator CRAIG. I am not worried about risk to personnel because the airbase is handling it appropriately and they keep propping it up and double-checking it and doing all that but when 60 percent of the base's supplies have to operate out of temporary spaces spread out all over the base, it does not lend for great efficiency.

Mr. GRONE. I agree.

Senator CRAIG. And it creates significant delays sometimes in training and mobilization. As you know, Mountain Home Air Force Base and what we do there, we do very well, we drop bombs on targets and we have been used very heavily and our people have been deployed all over the world on a very regular basis. And now, that base is a base of desirability for the Israeli's to come and train, the Germans were there, the Singaporean Air Force is coming. Why? Because we have the best electronic range in the system that likens itself to the Middle East like no other range almost in the world and so it becomes a very desirable place to come and train. We expect it to not only be an appropriate place but a world-class place and a 53-year-old wooden building doesn't muster up.

Mr. GRONE. Senator, one of the initiatives that we have underway; we had an initiative several years ago on the demolition of unneeded facilities. This is separate from BRAC and to some degree separate from demolition we would undertake with the regular military construction projects. A couple of years ago, after successfully completing that initial round of initiatives where we targeted something like 80 million square feet and took down 83 million, we began a second initiative to get at, and encouraged military departments to remove from the inventory, precisely the kinds

of facilities that you're describing today. We are in the middle of building that program. So we are, from a policy perspective, in the Office of the Secretary of Defense, very interested and desirous of moving facilities just like that, that no longer serve a useful purpose and that are a hazard, off the inventory and replacing them if there remains a mission need with adequately and recapitalizable assets. So it is part of our overall portfolio management approach.

Again, it is something that I take very seriously because I do not desire to have the taxpayer paying caretaker costs for facilities like that. They are simply not necessary or needed. But we also have to recognize that there is a requirement for the mission and we will work with you, and sort of with the components, to make sure that issues like that are adequately addressed.

Senator CRAIG. Mr. Chairman, there are a lot of other issues that I am concerned about and I certainly one want to be associated with both you and the ranking member's remarks in a much broader area. It is not my intent to sound totally parochial today because the airbase is handling the facilities. They are not investing in it. Although the wind is slowly but surely taking it down and maybe that's the least expensive way to have it come down. But it is simply inappropriate and unnecessary and it creates complications in a facility that got extremely high marks during BRAC and is considered one of our premier bases because of air space and flight times and clear days and ranges and all of that that are extremely important to us. Thank you, Mr. Chairman.

Senator REED. Thank you, Senator Craig. We will begin a second round of 7 minutes.

BRAC 2005 COST ESCALATION

Mr. Grone, you have said in your prepared testimony that the BRAC 2005 round now is fully funded through the out-years at \$31.2 billion. A CRS memorandum has compared the BRAC cost estimates in the 2008 budget with those included in the 2007 budget. The 2008 budget shows a 70 percent increase over the cost of the BRAC round that DOD projected last year. Why are the original projections so far off base and can we have reasonable assurances that these new projections are accurate?

Mr. GRONE. Mr. Chairman, that is a question that a number of your colleagues have raised with me and I am pleased that you raised it with me because there is an important series of points that needs to be made about that difference.

When the original suite of recommendations were beginning to be implemented, we did a re-assessment of the COBRA's cost estimates. We determined that there was about a \$22.3 billion baseline. Based on our COBRA analysis and as you know, that is the way we compare varying recommendations against each other in the BRAC process itself.

In all prior rounds of BRAC combined—and this is an important point—we spent approximately \$24 billion. About one-third of that amount was due to military construction, about \$8 billion. In this round of BRAC, given the extensive repositioning of assets and missions being undertaken at 800 separate locations across the country, this round is nearly three-quarters military construction.

Military construction and the construction industry will have, certainly, site adaptation issues, cost issues. So built into simply the raw ratio of how much MILCON is in the program, I frankly expected that there would be some cost increases.

Now, when we took that \$22.3 billion program from COBRA, and then moved to implementation, and you spread that requirement over the 6-year implementation period, we then began to inflate and put appropriate cost parameters around, instead of them being fiscal year 2005 dollars, the then year dollars for implementation. So applying all of the standard inflation factors that we would need to apply, \$2 billion of the \$8 billion difference is solely a factor of inflation.

A key additional factor was as the Army looked at their implementation requirements they made a strategic choice to enhance facilities for, particularly, quality of life for military personnel and their families and additional training ranges in addition to some other items. That package represented about a \$4 billion add to the program, which the Army self-financed. The other remaining \$2 billion is caught up in a suite of changes that occur when you go from parametric analysis to actual site adaptation and sending engineers out into the field determining that renovation of a facility would be inefficient. New construction would be better. So there is a pattern for that \$8 billion. Because, the current number is based on more rigorous field assessments and more rigorous design parameters, will we see marginal adjustments in cost over time either to the downside or to the upside? Certainly we could see that. But do I expect we are going to see the kind of swing we see here? No. I think that this is a very good estimate.

Senator REED. Have you recalculated the projected savings now, given the fact that costs are going up?

Mr. GRONE. Well, the annual recurring savings that will accrue are savings that will accrue from changes to military and civilian personnel and other items that are not affected by the implementation costs, per se. We are tracking annual recurring savings much more aggressively than we did in prior rounds of BRAC, given the interest to the Congress, the Government Accountability Office, and our own management principles including financial accountability that my colleague, Ms. Jonas, has led in the Department.

We still believe that the annual recurring savings figure of \$4 billion after implementation—that is \$4 billion every year after implementation to the far horizon—remains a reasonably accurate and very good estimate of what those savings will be.

Senator REED. Let me ask you, is the current estimate of cost to complete the environmental remediation associated—has that cost estimate changed, given there are construction aspects there.

Mr. GRONE. The dollar amount for environmental remediation inside the implementation period that I believe we provided in the budget justification was, I want to say, was nearly \$900 million, so it has gone up a bit since the COBRA analysis. Some of that is due to additional understanding of remediation matters that may need to be taken, if there is a cost to complete beyond that. I am not sure that it is very large, but frankly I'd like get back to you for the record on that.

[The information follows:]

The cost to complete (program years fiscal year 2007 to completion) for BRAC 2005, which includes environmental restoration sites and compliance, is estimated to cost \$892 million. The environmental cost estimate has not changed due to the construction requirements for BRAC 2005.

U.S. SOUTHERN COMMAND HEADQUARTERS

Senator REED. I had some additional questions but my time is dwindling quickly. One question I do want to address is that this year's request includes \$237 million for the Consolidated Headquarters Facilities for Southern Command in Miami.

Mr. GRONE. Yes, sir.

Senator REED. This is a very large expenditure and involves a very complicated land lease to execute. It seems that this headquarters has been built on rather expensive real estate in a metropolitan area when there are perhaps alternatives. For example, CENTCOM is located in Tampa at MacDill Air Force Base on an existing military facility. There are other areas in Florida like Homestead Air Force Base where they might be readily available. Why aren't we trying to build this headquarters in a less expensive neighborhood?

Mr. GRONE. Mr. Chairman, during the BRAC process itself we actually looked at the question of whether the headquarters ought to move from Miami and came to the determination, both for cost reasons as well military efficiency and the judgment of the combatant commander, that Miami remains the appropriate location. The reason why the headquarters is fully financed, proposed to be fully financed, in the fiscal year 2008 budget request is due to OMB policy on full financing of large projects such as this one. It is something that is long overdue. It is a bit complex as you suggest, but we believe it is the right answer for the combatant commander for that headquarters.

Senator REED. Thank you. Senator Hutchison.

Senator HUTCHISON. Yes, I relate to the question where I think we have bases that can be more efficient than expensive urban land. I certainly think it is wise. We are just moving a Reserve facility outside of the interior part of Houston to Ellington as one example of a way to be more efficient and also realize the value of that real estate. So, if there were any opportunities to look at that I would certainly support the Chairman's line of questioning. I would just like to ask Mr. Grone—given the decision to increase the Army's end strength on a permanent basis, or a longer-term basis, is the Department of Defense still committed to reducing our footprint in Europe, which is something that this subcommittee was very instrumental with, and suggested and encouraged because of training constraints in European bases and also inefficiencies in a number of small bases that didn't have the troop support capabilities. So, I wanted to ask if there has been any decision to change, as we are increasing our end strength, in the bringing home of these 70,000 troops from Europe and Korea?

Mr. GRONE. Senator, we remain committed to the plan as you and the subcommittee has been previously briefed. I have, currently pending on my desk, the overseas master plans of the combatant commanders. We're reviewing those now. I expect to be submitting those to the Committee in the coming days and I believe

from a EUCOM perspective, certainly, when you have an opportunity to review the plan you'll see that it is very consistent with the prior briefings you have received on the subject.

Senator HUTCHISON. Good, thank you. I am very pleased to hear that. Thank you, Mr. Chairman.

Senator REED. Thank you Senator Hutchison. Senator Craig.

Senator CRAIG. Nothing further.

Senator REED. Senator Allard.

Senator ALLARD. No further questions.

Senator REED. Thank you for your testimony and for your dedicated service to the Nation.

Ms. JONAS. Thank you, sir.

Mr. GRONE. Thank you, Mr. Chairman.

DEPARTMENT OF THE AIR FORCE

STATEMENTS OF:

**HON. WILLIAM C. ANDERSON, ASSISTANT SECRETARY OF THE AIR
FORCE, INSTALLATIONS, ENVIRONMENT AND LOGISTICS**

**MAJOR GENERAL CHARLES V. ICKES, DEPUTY DIRECTOR, AIR NA-
TIONAL GUARD**

**BRIGADIER GENERAL CHARLES D. ETHREDGE, DEPUTY TO THE
CHIEF, AIR FORCE RESERVE**

Senator REED. Now, let me call up the next panel. Well, let me welcome our second panel and I'm pleased to introduce the Honorable William C. Anderson, Assistant Secretary of the Air Force for Installations, Environment, and Logistics; Major General Charles V. Ickes II, Deputy Director of the Air National Guard; and Brigadier General Rick Ethredge, Deputy to the Chief of the Air Force Reserve.

Gentlemen, thank you very much for your presence here today and we look forward to your testimony. Secretary Anderson.

STATEMENT OF HON. WILLIAM ANDERSON

Mr. ANDERSON. Well, good morning. Mr. Chairman and distinguished members of the committee, on behalf of American's airmen, it is a pleasure to join my colleagues, Generals Ickes and Ethredge before you here today. As the Air Force continues to train and fight as a total force, it is great that we are together as a total force to testify.

Before I begin, I want to offer the best wishes of the Air Force to your chairman, may his recovery be fast and complete.

I'll keep my opening remarks brief and begin by thanking the committee for its continued support of America's Air Force and the many brave and dedicated airmen who serve around the globe to keep this country safe. As our Nation and department finds itself engaged in hostilities and war for the 16 consecutive year, we're also in a transition period where the Air Force continues to evolve and remain indispensable as threats to our Nation emerge and change.

The Air Force is getting smaller, but our commitments have not. Airmen perform critical installations, environmental and logistics tasks that are intrinsic to every facet in the success of our missions. We are making process changes at every level of the Air Force, which result in resource savings and more efficient operations. In these tumultuous times, our priorities remain consistent. Winning the war on terror, developing and caring for our airmen, and re-capitalizing and modernizing our air and space systems. Air Force facilities, housing, and BRAC programs are key in supporting, these priorities. At home, our installations provide stable training environments as we equip and reconstitute our force.

Both our stateside and overseas bases provide force projection platforms to support combatant commanders. Our bases are weapon systems and in order to support our base centric concept of operations, the Air Force has developed an infrastructure investment strategy that focuses on enabling combatant commanders to fight and win the war on terror, provide quality facilities, implement BRAC, sustain and re-capitalize our aging infrastructure, all the while proactively supporting the operational environment.

The fiscal year 2008 President's budget request for traditional MILCON is \$1 billion. This budget carefully balances our facilities operations and maintenance accounts for sustainment, restoration and modernization with military construction to make the most effective use of available funding to support the Air Force mission.

The 2008 budget request also includes \$363 million for housing investment, which balances new construction, improvements, and planning and design work. Housing is a good news story for airmen. Privatization continues to be a success bringing quality homes to airmen and their families in less time than would be the case with traditional MILCON. To continue our aggressive BRAC implementation schedule, the fiscal year 2008 budget request includes an additional \$1.2 billion for BRAC related activities, of which \$910 million is construction. The Air Force is the lead on 64 BRAC business plans and has equity in 16 additional business plans.

Full support of this funding request is critical to ensure we remain on track to meet our required compliance by 2011. We are committed to making BRAC and joint basing a raging success. However, several BRAC basing policy elements run counter to the spirit of efficiency and cost savings in the joint basing construct.

The Air Force believes total obligational authority (TOA) and real property transfer would serve as a disincentive to cost savings, efficiency and effective execution of customer expectations. These customers, our operational commanders if you will, should define requirements necessary to execute the mission and manage the funds to meet those needs.

PREPARED STATEMENT

This year, we commemorate the 60 anniversary of our proud service, a service born of revolutionary ideas, forged in combat and proven through decades of progress and achievement. The readiness and capability of our force to fight and win our Nation's wars now and in the future depends heavily upon the state of our operational infrastructure. We look forward to your questions. Thank you.

[The statement follows:]

PREPARED STATEMENT OF WILLIAM C. ANDERSON

Mr. Chairman, Senator Hutchison and distinguished members of the committee, as our Nation, and Department, finds itself in a transition period, the Air Force continues to evolve and remain indispensable as threats emerge and change. The Air Force is the preeminent force for operations beyond the bounds of earth, and is vital and relevant in the conduct of ground operations as well. The Air Force has been continually engaged in War for the past 16 years. The Quadrennial Defense Review guides the Air Force and enables us to deliver sovereign options for the defense of the United States of America and its global interests. The Air Force is getting smaller, but our commitments have not. Airmen performing critical installations, environ-

ment and logistics tasks are intrinsic to every facet in the success of our missions. Our civil engineers are critical to every facet in the success of our missions. We currently have over 2,500 engineers in the theater of operations directly supporting Operations Enduring Freedom and Iraqi Freedom. In order to fulfill our mission, we are making process changes at every level of the Air Force with results in resource savings and more efficient operations. We have more work to do, but by institutionalizing Air Force Smart Operations 21 concepts into our daily operations we are leaning our internal processes to reduce workload and reduce or eliminate unnecessary work. These efforts allow us to meet the enormous challenges of today, the foreseeable future, and ultimately, sustain and modernize the world's best air, space, and cyberspace force. In these tumultuous times our priorities remain consistent: fighting and winning the war on terror, developing and caring for our Airmen and their families, and recapitalizing and modernizing aging aircraft and spacecraft.

Air Force facilities, housing and BRAC programs are key components of our support infrastructure. At home, our installations provide stable training environments as we equip and reconstitute our force. Both our stateside and overseas bases provide force projection platforms to support Combatant Commanders. Our bases are weapons systems and in order to support our base-centric concept of operations, the Air Force has developed an infrastructure investment strategy that focuses on enabling Combatant Commanders to fight and win the war on terror, providing quality of life facilities, implementing BRAC, sustaining our infrastructure and striving to recapitalize our aging infrastructure, while proactively supporting the operational environment. We are the DOD's leader in expeditionary combat support and continue that role with pride. Our total force military construction, family housing, and sustainment, restoration, and modernization programs are paramount to successful operations and maintaining a reasonable quality of life for our men and women in uniform and their families.

The fiscal year 2008 President's Budget request for Air Force construction is over \$2.3 billion, comprised of traditional MILCON (\$1.0B), BRAC 2005 (\$910 million) and housing investments (\$363 million). The Total Force MILCON portion (\$1 billion) of Air Force fiscal year 2008 President's Budget (PB) construction request reflects our highest construction priorities. This request includes \$912 million for active military construction, \$86 million for the Air National Guard, and just over \$27 million for the Air Force Reserve. While the 2008 traditional MILCON budget request is approximately \$300 million lower than last year's, it reflects our highest priorities and most urgent needs. Unfortunately, we face demands on our resources that require some very tough choices. This budget carefully balances our facility operations and maintenance accounts for sustainment, restoration, modernization with military construction programs to make the most effective use of available funding in support of the Air Force mission. The Air Force Total Force sustainment funding in fiscal year 2008 is \$2 billion, 92 percent of the amount called for by the Facility Sustainment Model (FSM). The fiscal year 2008 Total Force restoration and modernization (R&M) funding is \$346 million.

The Air Force fiscal year 2008 PB request of \$363 million for the Military Family Housing investment program balances new construction, improvements, and planning and design work. While we continue to strive to eliminate inadequate housing, we cannot allow more housing to fall into disrepair. In addition to the \$363 million requested for housing investment, we request nearly \$688 million for operations and maintenance, for a total housing investment of more than \$1 billion.

To continue our aggressive BRAC implementation schedule, the fiscal year 2008 PB request includes \$1.2 billion for BRAC related activities of which \$910 million is construction. The Air Force is lead for 64 BRAC business plans and has financial equity in an additional 16 business plans. Full support of this funding request is critical to ensure we remain on track to meet the requirement for compliance by 2011.

Sound investment in our installations postures the Air Force to support our priorities of winning the Global War on Terror, support our Airmen and their families, and recapitalize and modernize our force. We believe the fiscal year 2008 President's Budget proposal will provide the construction bedrock for continued success of our mission.

FIGHTING AND WINNING THE GLOBAL WAR ON TERROR

The Air Force's first priority is to fight and win the Global War on Terror (GWOT). We plan to invest \$192 million on GWOT-related projects that support and enhance the Air Force's ability to deliver intelligence, maintenance, and operational capabilities to our Combatant Commanders. At MacDill AFB, Florida the Air Force

is executing two projects at U.S. Central Command (USCENTCOM) by completing the Joint Intelligence facility and altering the USCENTCOM headquarters facility. The USCENTCOM's area of responsibility is the geographic and ideological heart of the GWOT. A war without borders, it spans 27 countries in the Central Asian region of the world. The Joint Intelligence Center provides the USCENTCOM Commander with the situational awareness and long range analyses needed to defeat adversaries within the AOR, promote regional stability, support allies, and protect U.S. national interests, all aimed toward victory in the GWOT. Two projects at RAF Menwith Hill Station, United Kingdom and one at Offutt AFB, Nebraska enhance intelligence gathering and analysis capabilities for the United States and our allies. The Basic Expeditionary Airman Skills Training at Lackland AFB, Texas provides facilities for expanded field training that will equip our Airmen as they enter the Air Force with the warfighting skills and mindset vital in today's operational environment.

DEVELOP AND CARE FOR AIRMEN AND THEIR FAMILIES

The Air Force sees a direct link between readiness and quality of life. The Air Force is committed to creating and maintaining a consistent, high quality, and safe environment in locations where Airmen work, reside, and recreate. Our Total Force Airmen are the most valuable assets we have in fighting the GWOT and ensuring our air, space and cyberspace dominance. We have to continue to recruit, train, equip, and retain the Airmen of tomorrow. As our Air Force becomes more capable, more efficient and more lethal, so will our Airmen. The quality of life we provide for our Airmen and their families is a distinct determining factor in how long they remain in our service. The sacrifices our Airmen and their families make are enormous. We are deeply committed to providing every Airman and their family with the best possible quality of life as they serve our Nation. In this year's budget we strive to promote a wide spectrum of projects that take care of our Airmen and their families; from quality family housing for our families, quality dormitories for unaccompanied Airmen, functional fitness centers, and safe child development centers, to exceptional training and operational facilities.

Workplace

Work-related injuries cost the Air Force over \$130 million annually and have a significant impact on operational capability. Most importantly, workplace injuries negatively impact the quality of life for our Airmen and their families. One program being used to achieve a reduction in workplace injuries is OSHA's Voluntary Protection Program. The SECAF and CSAF have directed "launching the Voluntary Protection Program throughout the Air Force . . . for service wide implementation." Through the Voluntary Protection Program, every Airman and his Wingman are empowered to actively identify and take action to eliminate safety and health hazards in the workplace. Our goal is to offer an accident-free work environment for each and every Airman.

At Home

When Airmen deploy, time spent worrying whether their families are safe and secure is time not spent focusing on the mission. Quality of life initiatives are critical to our overall combat readiness and to recruiting and retaining our country's best and brightest. Our quality of life initiatives reflect our commitment to our Airmen.

Family Housing

The Air Force Family Housing Master Plan details our Housing military construction, operations and maintenance, and privatization efforts. It is designed to ensure safe, affordable, and adequate housing for our members. To implement the plan, our fiscal year 2008 budget request for family housing is over \$1 billion. Consistent with Department of Defense Strategic Planning Guidance, the Air Force is on track to fund projects through fiscal year 2009 which will eliminate inadequate overseas housing.

For fiscal year 2008, the requested \$363 million for our housing investment program will replace and improve approximately 2,100 housing units at eight overseas bases. An additional \$688 million will pay for operations, maintenance, utilities and leases to support the family housing program.

We have used the privatization authorities granted by Congress to accelerate our family housing improvement program. By the beginning of fiscal year 2008, we will have privatized over 44,000 housing units, or 72 percent of our U.S. housing inventory, far exceeding the DOD goal of 60 percent. The Air Force is strategically leveraging its \$596 million investment to bring in \$7.37 billion in equivalent MILCON investment from the private sector; that is nearly fifteen dollars of private

investment for each public tax dollar. The Air Force is aggressively researching privatization at remaining U.S. MILCON installations where feasible.

Unaccompanied Housing (Dormitories)

The fiscal year 2008 total Air Force requirement for dormitory rooms is 60,200. We have made great progress using the three-phased investment strategy outlined in our Dormitory Master Plan. Phase I, now construction complete, eliminated central latrine dormitories. With the fiscal year 2007 MILCON we have funding necessary to complete phase II of our Dormitory Master Plan, our dorm room shortage (deficit), by building new dormitories. In Phase III, now underway, we will replace existing dormitories at the end of their useful life with a standard Air Force designed private room configuration under the "Dorms-4-Airmen" concept. Our "Dorms-4-Airmen" concept capitalizes on our wingman strategy and keeps our dorm residents socially and emotionally fit.

Our fiscal year 2008 Program reflects this strategy. The \$47 million request for dormitory investment will replace 368 rooms for unaccompanied personnel at both stateside and overseas bases. We are equally committed to providing adequate housing and improving the quality of life for our unaccompanied junior enlisted personnel as we are to our families.

Fitness and Child Development Centers

The Air Force maintains its strong commitment to the "Fit-to-Fight" program. Our goal is for Airmen to make fitness and exercise a regular part of their lives and prepare them to meet the rigors of a deployed environment, not simply to pass an annual fitness test. Our goal is to replace at least one fitness center per year until we have the resources to do more. This year we will construct a new fitness center at Tyndall AFB, Florida.

We also remain committed to the children of our Airmen and are dedicated to provide them with adequate and nurturing day care facilities. In fiscal year 2008 the most urgent need is at Patrick AFB, Florida. Our \$12 million effort at Patrick AFB will provide supervised care for 266 infants and preschool children, replacing a child development center that was established in a warehouse built in 1958.

Operations and Training

Our MILCON program supports our expanded view of quality of life for Airmen by providing facilities from which to train in and operate. A new Security Forces Operations Facility at Scott AFB, Illinois will provide the men and women of the active duty and National Guard in one of our most stressed career fields a functional, consolidated facility. The Fire Training Facility at Ramstein AB is jointly funded by NATO and provides military critical live-fire and structural fire/crash rescue training. Finally, a recapitalization project at the Air Force Academy continues the phased upgrade of Fairchild Hall academic building. The final renovation and upgrade of Fairchild Hall will be complete with a \$15 million effort programmed in our fiscal year 2009 MILCON program.

RECAPITALIZATION AND MODERNIZATION

Our third priority is to modernize and recapitalize the Air Force. Air forces succeed when they anticipate and are allowed to shape the future strategic environment, and ultimately develop the capabilities required for the next fight. Air forces succeed when they are able to organize, train, and equip themselves properly for both the current and future fights and purposefully build in the flexibility to operate across the spectrum of conflict and deliver effects at all levels of war—tactical, operational and strategic. Air forces succeed when they remain focused on their primary mission of providing asymmetric range and payload as an independent force that is part of an interdependent joint team. Our MILCON program is a direct reflection of our strong commitment to the success of our Air Force and is heavily weighted toward modernization and recapitalization support. The fiscal year 2008 Total Force military construction program consists of 43 projects that are essential to modernization and recapitalization, totaling \$544 million.

The F-22A Raptor is the Air Force's primary air superiority fighter and key enabler, providing operational access, homeland defense, cruise missile defense and force protection for joint forces. Combat-capable Raptors are in full rate production on the world's only 5th generation production line. Elmendorf AFB, Alaska will be the second operational Raptor base. We are constructing five active duty and reserve projects to beddown the world's premier fighter at a cost of \$75 million. The F-35A Lightning II Joint Strike Fighter (JSF) is our 5th generation multi-role strike fighter aircraft optimized for air-to-ground attack. The F-35A will recapitalize combat capabilities currently provided by the F-16 and A-10 and will complement the capa-

bilities of the F-22A. Projects at Eglin AFB, Florida begin the beddown for joint F-35 training squadrons and combines Air Force and Navy funding totaling \$74 million. Our legacy aircraft remain a vital part of our national defense. We are constructing much needed facilities for the Reserve F-16 Wing at Hill AFB, Utah and the active duty F-15 Wing at RAF Lakenheath, United Kingdom.

We are also modernizing the weapons these 5th generation aircraft and legacy stalwarts will carry. The Small Diameter Bomb (SDB) enhances our payload and strike capability while increasing the standoff distance for our pilots. We are constructing munitions storage igloos at RAF Lakenheath, United Kingdom and Ramstein AB, Germany to provide this capability to the warfighter where storage capacity does not exist. Our Tactical Air Controllers are embedded with ground forces, directing air power, like the SDB, in support of ground operations. This year's MILCON program provides active duty and Guard Air Support Operations Squadrons the facilities needed on Army Installations like Fort Carson, Colorado; Fort Riley, Kansas; Camp Beauregard, Louisiana; and Fort Indiantown Gap, Pennsylvania. These facilities support U.S. Army brigade transformation and provide the Air Force Tactical Air Controllers the training space required to support the critical Close Air Support mission.

We are modernizing and recapitalizing our facilities in support of large-frame aircraft as well. The C-17 continues its outstanding support for humanitarian operations and the Joint warfighter. MILCON projects at Altus AFB, Oklahoma; Hickam AFB, Hawaii; and Travis AFB, California nearly completes the beddown of our inter-theater mobility workhorse. The C5 provides the strategic span in our air bridge and we are investing in six projects worth \$50 million at Memphis, Tennessee and Martinsburg, West Virginia. Hangar projects at Davis-Monthan AFB, Arizona and Cannon AFB, New Mexico increase maintenance capabilities for Combat Search and Rescue EC-130s and AC-130s, respectively.

Intelligence, Surveillance, and Reconnaissance (ISR), communications, and space systems play an ever-increasing role in what we do. The Distributed Common Ground System (DCGS) provides real-time, net-centric, decision-quality information to commanders. Projects that enable the DCGS operations will be constructed at Hickam AFB, Hawaii; Hulman RAP Terre Haute, Indiana; and Otis ANGB, Massachusetts. MILSTAR is a joint service communications system that provides secure, jam-resistant, worldwide communications to meet essential wartime requirements for high priority military users. Investments at McGhee Tyson IAP, Tennessee support this vital communications beddown. The lethal combination of air and space assets the United States possesses gives us capabilities that are unmatched. The Air and Space Integration facility at Schiever, AFB, Colorado enables us to continue this dominance and widen the gap on our adversaries. Finally, the Communications Frame facility at Bolling AFB will modernize this critical node for communications in the National Capital Region.

Depot Maintenance Reengineering and Transformation remains essential to revitalizing depots using LEAN principles to increase aircraft availability by reducing depot cycle time, defects, and costs. This program has played a significant role in transforming our industrial base to support warfighter requirements more effectively. The 2008 program continues with four projects at Hill AFB, Utah; Robins AFB, Georgia; and Tinker AFB, Oklahoma totaling \$66 million.

The 2008 military construction program has six other modernization infrastructure projects worth \$178 million. These projects span the globe; from a Mobility Processing Center in Germany and storm damage repair in the Gulf of Mexico, to an infrastructure project on Guam that provides increased force protection for the entrance to Anderson AFB. These projects recapitalize our aging infrastructure and enable us to support our vision for a modernized force.

BASE REALIGNMENT AND CLOSURE

As we continue supporting our three main priorities, implementing the Base Realignment and Closure (BRAC) recommendations is an important vehicle for the Air Force to ensure we are more lethal, agile, and capable of maintaining total dominance in air, space, and cyberspace domains. While the Commission's final decisions fell short of the Air Force's overall goals for BRAC, particularly in eliminating excess physical capacity, they did help the Air Force take a major step towards reshaping its Total Force structure. The Joint Cross Service Group recommendations which make up the vast majority of the fiscal year 2008 PB request are pivotal to transforming the way the Air Force and our sister services train and fight together.

The Air Force developed and is implementing an aggressive schedule for its BRAC 2005 recommendations, and we are working in close partnership with our Joint

partners and with the Air National Guard, the Air Force Reserve, and our major commands to further develop and refine this schedule.

The Air Force is lead military service for 64 BRAC Business Plans, and has equity in an additional 16. Our fiscal year 2008 BRAC program is comprised of \$910 million in MILCON, \$223 million in O&M, and the balance in the personnel and environmental accounts. Of the \$910 million in MILCON projects, \$749 million is driven by Joint Cross Service Group recommendations. Joint interdependence adds complexity to the execution of this BRAC funding. Business Plans developed to assist in execution of BRAC actions have been coordinated and approved by OSD and also coordinated with other Service agencies. Coordinating, completing, and implementing these plans will ensure the Air Force is successful in effectively and efficiently implementing the BRAC 2005 recommendations. We are confident the Air Force is heading in the right direction. We believe if we stay on course we can meet all expectations and objectives of the BRAC 2005 round, while minimizing disruptions to the mission, our warfighters, their families, and the communities that support our Air Force.

Given the many external influences, and as good stewards of taxpayer dollars, we cannot look at BRAC implementation as an isolated activity. To be successful, we must orchestrate BRAC implementation activities in concert with new Air Force mission beddowns, legacy weapons systems and force drawdowns, emerging missions, Total Force Integration (TFI), and cross Service initiatives. An example of our attainment of this objective from BRAC 2005 recommendations is at Kulis Air National Guard Base, Alaska. The 2005 BRAC Commission recommended that, contingent on the availability of adequate military construction funds to provide the necessary replacement facilities at Elmendorf AFB, Kulis ANGB be closed. After an in depth analysis of detailed concepts of operations and available infrastructure, the Air Force, the Air National Guard, Pacific Air Forces, and my staff, collectively concluded on January 30, 2007, that operations at Kulis ANG Base could and would be relocated to Elmendorf.

When this move is complete, the 176th Wing, Kulis ANGB and the 3rd Wing, Elmendorf AFB will form one, in a growing number of, Air National Guard and active duty associate units in the Air Force. This association will facilitate a unique opportunity for the Air Force to merge all our Total Force elements—Air National Guard, Air Force Reserve and active duty operations—across multiple mission areas, including airlift, Combat Search and Rescue, Airborne Warning and Control Systems and 5th generation fighters, all in one location and in a theater key to our global activities.

Environmental Cleanup and Property Transfer

As stewards of public assets the Air Force must manage them to achieve maximum value for the taxpayer while at the same time overseeing those assets with the utmost regard for environmental issues.

Environmental clean up and transfer of BRAC real property is often technically challenging and has involved extended timeframes to complete. Nevertheless, the Air Force has deeded 82 percent of 87,000 acres of BRAC property from previous BRAC rounds. Our real property disposal efforts have led to the creation of more than 54,000 reuse jobs in the affected communities. To complete the clean up and transfer of the remaining property, the Air Force is attempting to leverage private sector experience in redeveloping former industrial property similar to Air Force facilities. Our way ahead for legacy BRAC property includes an emphasis on performance-based contracting including guaranteed fixed price terms, regionalized contracts, and innovative tools such as early transfer, negotiated sales, and privatization. Our objectives remain clear: (1) provide reuse opportunities that best meet the needs of the Air Force and local communities, (2) move the process along smartly in each situation to get property back into commerce as soon as practical and (3) provide transparency in the process.

The Air Force takes serious its responsibility to protect human health and the environment. Since 1991 we have spent \$2.6 billion on environmental clean up at our BRAC installations—an investment that protects human health and the environment for our Airmen, our communities, and future generations.

Way Ahead

As you are well aware the House and Senate recently approved a Continuing Resolution Authority which approved \$2.5 billion in BRAC funding for the Department of Defense, which is \$3.1 billion less than requested for fiscal year 2007. If left unchanged, the reduction will result in the Air Force receiving far less than expected in fiscal year 2007 funding. If not corrected, the Air Force, and our sister services will have to re-evaluate our plans and will likely experience delays and disruptions

in construction and the movements of our people and assets. Delays could impact mission readiness and the ability to meet mandated completion deadlines.

Prompt action and restoration of full funding will permit the Air Force to stay on course in executing our obligation for timely completion of the BRAC recommendations approved by the Congress.

We solicit your support in advocating that action.

ENHANCED USE LEASING

At remaining non-BRAC facilities, the Air Force is reshaping our infrastructure to meet the demands of the 21st century. The Air Force seeks fair market value and utilizes new tools such as Enhanced Use Leasing to optimize our resources and obtain value from our excess capacity—value we can return to the warfighter. Enhanced Use Leasing allows undeveloped and unused military facilities to be used by private industry, by leasing them to private entities. For example, an Enhanced Use Lease of a vacant 8.33-acre parcel on Kirtland AFB in New Mexico, allows the New Mexico Institute of Mining and Technology to construct a 20,000 square feet commercial office building lab research facility and secondary educational facility, which provides rent to the Air Force and will improve scientific and educational opportunities for Kirtland AFB, the Air Force Research Laboratory, New Mexico Tech and the public in general. The Air Force has six current and pending Enhanced Use Lease projects and twenty potential Enhanced Use Leases across the country.

MAINTAINING OUR FACILITIES AND OPERATIONAL INFRASTRUCTURE

The Air Force remains focused on sustaining, restoring, and modernizing our operational infrastructure. We have been benchmarking the “best of the best” asset managers that our country has to offer. We are finding and implementing ways to manage better, utilize resources more wisely, leverage private sector investment potential, and use smart information technology. Our aim is to manage assets by optimizing resources to deliver operational infrastructure for the warfighter at our installations and ranges. For 2008, we have focused sustainment funding on keeping our “good facilities good” and targeted limited Restoration and Modernization (R&M) funding to fix critical facility and infrastructure deficiencies to maintain readiness.

Our sustainment program is aimed at maximizing the life of our facilities and infrastructure in order to preserve our existing investment. Without proper sustainment, our facilities and infrastructure wear out more rapidly. In addition, commanders in the field use operations and maintenance (O&M) accounts to address facility requirements that impact their mission capabilities.

When facilities require restoration or modernization, we use a balanced program of O&M and military construction funding to make them “mission ready.” Unfortunately, restoration and modernization requirements in past years exceeded available O&M funding, causing us to defer much-needed work. It is important for us to steadily increase the investment in restoration and modernization in order to halt the growth of this backlog, while fully funding sustainment to maximize the life of our facilities and infrastructure.

The Air Force Total Force sustainment funding in fiscal year 2008 is \$1.99 billion, 92 percent of the amount called for by the Facility Sustainment Model (FSM). The fiscal year 2008 Total Force R&M funding is \$346 million, a slight improvement over our fiscal year 2007 PB request. This is an area where the Air Force is taking manageable risk given our other budgetary priorities.

DEMOLITION OF EXCESS, OBSOLETE FACILITIES

In addition to modernizing and restoring worn out facilities, we also demolish excess and obsolete facilities. This ensures funds are focused on facilities we need, not on sustaining those we do not. For the past 9 years, the Air Force has aggressively demolished or disposed of facilities that were unneeded or no longer economically viable to maintain. From fiscal year 1998 through fiscal year 2006, we demolished 21.9 million square feet of non-housing facilities and infrastructure at a cost of \$260 million in O&M funding. This is equivalent to demolishing more than three average size Air Force installations and has allowed us to target our O&M funding on facilities we need for the long-term mission. For fiscal year 2008 and beyond, the Air Force will continue to aggressively identify opportunities to eliminate excess and obsolete facilities.

PLANNING AND DESIGN/UNSPECIFIED MINOR CONSTRUCTION

This year's Air Force MILCON request includes \$75 million for planning and design (P&D), of which \$12 million is for military family housing. The request includes \$52 million for active duty, \$8 million for the Air National Guard and \$4 million for the Air Force Reserve. These funds will allow us to complete the design work for fiscal year 2009 construction programs and to start the designs for fiscal year 10 projects, allowing us to award contracts in the year of authorization and appropriation.

This year's request also includes \$26 million for the Total Force unspecified minor construction program which is our primary means for funding small, unforeseen projects that cannot wait for the normal military construction process. Because these projects emerge over the course of the year, it is not possible to program the total funding requirement.

UTILITY PRIVATIZATION

Similar to our efforts in privatizing housing, the Air Force is privatizing utilities where it makes economic sense and does not adversely affect readiness, security, or mission accomplishment. Because our installations are key to our operational capabilities, our network of bases provides necessary infrastructure for deploying, employing, and sustaining air and space operations and re-deploying and reconstituting the force afterwards. Reliable utility systems are critical infrastructure components and essential to air operations and quality of life at every Air Force base. Additionally, these systems must be consistent with modern technology to optimize energy conservation. We believe privatization offers the best solution for simultaneously meeting both these requirements.

To date, under DOD's utilities privatization program, the Air Force has conveyed 11 systems under 10 U.S.C. 2688 and 6 additional systems using standard FAR clauses, for a total of 17 privatized systems with a plant replacement value in excess of \$300 million. We are currently evaluating an additional 338 systems for privatization. We anticipate that we will more than double the number of our privatized utility systems in fiscal year 2008. By the time the program concludes, we anticipate more than 120 of about 500 systems could be privatized. During the course of this process, we expect many competitive solicitations will end up as sole source procurements from local utility companies.

ENERGY

The Air Force is serious about being a global leader in facility energy conservation and renewable energy. In the last year the Air Force chartered a Senior Focus Group and set its strategic vision of making energy a consideration in all we do. Our strategy is built around a balance of supply side energy assurance and demand side energy efficiency. Our new energy strategy for the 21st Century is focused on meeting the President's new energy mandates outlined in Executive Order 13423. Our strategy covers not only our facilities infrastructure, but also fuel optimization in our aviation operations and ground transportation fleet.

The Air Force facilities infrastructure strategy is to eliminate waste in energy use as the major conservation priority. Conducting effective energy audits to identify energy waste streams is the first step. Optimizing the efficiency of heating and cooling systems, and eliminating over-lighting are just two of the initiatives in our energy toolbox.

Our traditional project goals of delivering high quality facility projects on schedule and within budget is expanding the term "quality" so that our goal becomes the creation of functional, maintainable, and high performance facilities. Under Executive Order 13423 the Air Force will employ the Federal Leadership in High Performance and Sustainable Building Guiding Principles to reduce total cost of ownership, improve energy efficiency and water conservation, to provide safe, healthy, and productivity enhancing environments. We currently employ Leadership in Energy & Environmental Design (LEED) criteria created by the U.S. Green Building Council as design guidelines. The LEED Green Building Rating System is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. We are incorporating day-lighting and improved building envelop designs to reduce heating, ventilation, and air conditioning loads and power use. By fiscal year 2009, 100 percent of Air Force eligible MILCON projects will be "capable of certification" in LEED registration. High quality energy-efficient facilities is our goal.

The Air Force is responding to the effectively doubling of the energy conservation mandate of E.O. 13423 by strengthening management of our energy programs from

base level Energy Management Steering Groups, and technically competent energy managers through Major Command and Headquarters United States Air Force governance groups. Additionally, we are building an investment program based on high value initiatives that save energy and help the Air Force mitigate the impact of rising utility costs. We are hiring energy professionals to assist our Major Commands and installations target the right initiatives. We are also partnering with the Office of the Secretary of Defense, the Department of Energy, the Environmental Protection Agency (EPA), and others to implement best practices across our enterprise.

In the area of renewable energy, this year we awarded a contract that will result in an 18 megawatt (MW) peak power photovoltaic (PV) solar array at Nellis AFB, NV—projected to be the largest PV array in the world once on line in late 2008. The Air Force is building on a long history of facility energy conservation success. Our new energy initiatives will enhance our campaign to meet or exceed the goals of the new Executive Order.

Our efforts were recognized in fiscal year 2006 when we received the EPA Climate Protection Award as the number one purchaser of renewable energy in the Nation. The Air Force continues to be the largest user of renewable energy as defined by the Energy Policy Act of 2005 with the purchase of 990,319 MW of green power representing 9.6 percent of our total electrical consumption last year. Also, for the third year in a row, the Air Force heads the EPA's list of top ten Federal Government green power purchasers in the Green Power Partnership.

CIVIL ENGINEER TRANSFORMATION

The Air Force Civil Engineers have a long history of supporting all the critical Air Force programs mentioned earlier. The engineers are also benchmarking with the private sector and aggressively transforming their business processes to be more effective and efficient. The Air Force civil engineers developed several initiatives to minimize the impact of Air Force-wide personnel reductions on their ability to provide combat capability and home-station installation support. Rather than settle for a fair share distribution across specialties and Major Commands, these transformational initiatives targeted specific process improvements which resulted in realignments for military and civilian authorizations to balance workload and increase combat capability. The Civil Engineers are transforming civil engineer functions at all organizational levels to centralize the core engineering capabilities and streamline their processes. This includes centralizing the execution of new and current mission MILCON, housing, and environmental restoration construction projects at the Air Force Center for Environmental Excellence in San Antonio, Texas. The Civil Engineers also applied Operational Risk Management concepts to the way we accomplish the fire emergency services support mission. By accepting capability-based risks, civil engineers can provide the same level of fire and crash rescue service for the airfield and installation, while reducing the numbers of fire fighters required on duty during times when events are less likely to occur. The transformational initiatives mentioned above will allow us to execute our civil engineer mission more effectively and increase our combat capability for Explosive Ordnance Disposal and Air Force heavy construction units, known as RED HORSE Squadrons. As a whole, these initiatives ensure civil engineer support to the warfighter remains steadfast and our garrison installation support remains at an acceptable level.

CONCLUSION

September 18 2007, marks the 60 anniversary of the creation of our independent United States Air Force. This year we commemorate this anniversary of our proud Service—a service born of revolutionary ideas, forged in combat, and proven through decades of progress and achievement. The readiness and capability of our fighting force to fight and win our Nation's wars, now and in the future, depends heavily upon the state of our operational infrastructure. As the Air Force continues to modernize and recapitalize, we will continue to wisely invest our precious military construction funding to fight and win the war on terror, develop and care for our Airmen and their families, while recapitalizing and modernizing our air and space systems.

Senator REED. General Ickes.

STATEMENT OF MAJOR GENERAL CHARLES V. ICKES

General ICKES. Thank you, Mr. Chairman, members of the Committee. This is a great opportunity for the Air National Guard to be here as part of the total force team. Our story in the Air Guard

is one of cost effectiveness. We have 177 Air National Guard facilities. As a great value, we have approximately 1,100 personnel across America that steward a remarkable \$12 billion plant value facilities program. We have more than 60 nominal fee leases where we operate organizations on commercial airports for \$1 per year, a remarkable, effective way to manage the Air Guard.

We are aggressively managing our inventory, disposing of obsolete or unwanted facilities and we are pursuing energy effectiveness and efficiencies in every way we can. However, we've got some challenges facing us also. We need to meet the requirements of BRAC and that is critical for us because we played such a large piece in BRAC. Unique, under what occurred during BRAC, we gained almost 2.2 million square feet of property in BRAC in the Air National Guard and now will have to manage those facilities and decide how we balance that out with current inventory. We definitely need to take advantage of the next upcoming weapon systems and be able to provide combat capability that the Air Force expects out of us. We need to ensure our facilities are flexible, efficient, sustainable, maintainable and durable.

This year, our request focus on re-capitalization and modernization and also to bed down critical weapon systems that are part of our effort to reset the Air National Guard, the largest reset in the history of the Air National Guard. This reset initiatives to implement BRAC, total force integration or TFI and other problematic challenges. These initiatives, some of which have MILCON costs need to occur in sequence. It is very important for us as we build on and off ramps with these units were involved in BRAC and reset.

Fiscal year 2007's joint resolution left us with some challenges for this year. We hope we can work together so we don't jeopardize our ability to meet our mission requirements while we are transforming our force. Installations are essential to mission accomplishment and keeping us relevant into the future. Thank you very much for our opportunity this morning.

Senator REED. Thank you, sir. General Ethredge.

STATEMENT OF BRIGADIER GENERAL CHARLES D. ETHREDGE

General ETHREDGE. Mr. Chairman and distinguished members, thank you for the opportunity to be here today. The Air Force Reserve is a component of the total force and provides certain valuable support to the active duty component. We reflect in this our motto, One Air Force, Same Fight, Unrivaled Wingman. We demonstrate our motto in many ways and one of these ways is through our military construction (MILCON) program.

To support the Air Force mission as effectively as possible, the total force aligned its fiscal year 2008 and 2009 MILCON program to support the Air Force Chiefs top three priorities. Number one, fighting and winning the global war on terrorism. Number two, developing and caring for our airmen and their families. And, number three, re-capitalizing and modernizing the force.

The total force, including the Air Force Reserve, has deliberately taken risks in facilities to support the Air Force Chief's third priority of re-capitalizing our aging aircraft fleet. As a result, all components of the Air Force, including the Air Force Reserve, have lower MILCON TOA's. However, with the distribution of the total

TOA among the components is equitable based on the value of facilities and infrastructure.

We understand there are not enough resources to support every need. The alignment of MILCON projects towards the Chief's priorities differs from our past practice of allotting MILCON projects as current mission or new mission. By doing this, we are providing the most effective use of limited MILCON resources to best meet the Reserve's needs while supporting the Air Force's mission.

The Air Force Reserve MILCON program in fiscal year 2008 and 2009 support the Chief's priority of re-capitalizing and modernizing the force by supporting our associate units. The Air Force Reserve MILCON TOA for 2008 is \$27 million. One-third of this is dedicated to planning, design and minor construction and two-thirds is dedicated to three construction projects supporting the F-22 associated unit at Elmendorf Air Force Base, Alaska and the F-16 associate unit at Hill Air Force Base, Utah.

Our fiscal year 2009 program is similar with only \$28 million of TOA. We are applying one-third to planning, design, and minor construction and two-thirds for construction projects supporting an associate unit for a space wing at Schriever Air Force Base in Colorado and an associate KC-135 unit at Tinker Air Force Base, Oklahoma. We believe the model we are using to align our MILCON efforts with the Air Force Chief's three priorities provides coherency between the components, supports the Reserve mission, and significantly strengthens us as a total force. However, with the smaller amounts that we are receiving in TOA for the MILCON, we do see us falling further behind as we try to modernize our facilities and look towards the future. Thank you, sir.

Senator REED. Thank you very much, General. Secretary Anderson, we just had an interesting discussion with your colleagues about the increases in funding for MILCON, Marine Corps and Army and everybody else. The Air Force is asking for a 21 percent decrease. At the risk of looking a gift horse in the mouth, what is going on here? Is DOD essentially diverting resources to other services or has the Air Force reached a position where you don't need more MILCON, you need less?

Mr. ANDERSON. Well Senator, I think it is maybe a little bit of a couple of different things. First of all, as Senator Hutchison so kindly brought up earlier today, the Air Force is very proud of its reputation over the last 60 years of investing very heavily in bricks and mortar and infrastructure and it does show at our bases.

As my colleagues have pointed out, we realize that there is a significant need within the Air Force to re-capitalize iron, aircraft. We are making a conscious effort to take some degree of risk in our MILCON line item for the next couple of years. This is not a permanent ratchet down of that level of funding, but it is being done for a couple of years to help us re-capitalize the aircraft fleet. Now, as we are reducing to some degree our MILCON budget, that as you well know, is not the only pot of money that we use to manage and maintain our infrastructure. We have restoration, sustainment, modernization, and operating and maintenance funds. We are actually increasing our sustainment, I mean, our restoration and modernization accounts over the next couple of years, our sustainment account over the next couple of years, to take those

good assets that we already have across the Air Force and continue to keep them good as we work on re-capitalizing the fleet.

It is risk; we all understand its risk. We've all three components have determined that this is the appropriate thing to do and we are going to work very, very hard to maintain quality of life. Our Chief and Secretary have said we are not going to in any way impact quality of life for our airmen, the quality of life that they've all come to deserve and expect as being members of the United States Air Force.

Senator REED. So we can anticipate a request next year of a decrease in MILCON request, that is within your purview.

Mr. ANDERSON. It will be lower next year and then beginning after that to start ratcheting up again.

Senator REED. There is another issue here that came up several years ago. All the services committed to devote more resources to the Reserve components and looking at the numbers for the Air Guard, that in terms of MILCON, there seems to be a steady decline, not an increase. In 2006 Air Guard MILCON was \$165 million, in 2007 fell to \$126 million. This year, the request has dropped to \$85 million and that is about a 49 percent decrease in just 2 years and then as you talk about projecting cuts going forward that probably, likely we would see more cuts.

The Air Force Reserve budget has fallen from \$79 million in 2006 to \$44 million to this year \$26 million. Those are steep cuts and the Air Guard has 177 locations around the Nation and there is a great 143rd Air Wing up in Quonset Point, Rhode Island and frankly, you know, I think their needs are increasing rather than decreasing, certainly not commensurate with this level of support. So can you—how do you respond to these significant decreases?

Mr. ANDERSON. Again, sir, I think obviously the MILCON bucket is an important bucket but there are other buckets of funding that are used to maintain and keep current our assets. We have increases in some of those other buckets of funds, actually offsetting the decrease in MILCON.

The other piece, as Mr. Grone pointed out in the first panel, is the BRAC funding, which is not the same as current mission MILCON but it is a huge infusion of capital into Air Force assets. As an example, the Kulis Elmendorf movement of Kulis Air National Guard into Elmendorf, which also helps facilitate Air Force Reserve, Air National Guard and Active Duty, are working very closely together—a huge infusion of capital and new facilities for all three of the components.

So when you combine it all together and again, I will admit, we are taking risks. There is no question about that. When you combine it all together, I believe that in the short to medium term, the risks that we're taking are manageable and reasonable with an expectation that the Air Force will come back to its historical levels of funding within another couple of years.

Senator REED. You talked about re-capitalization rates, Mr. Secretary. What are the rates for the Active Air Force versus the Reserve components? Are they equal?

Mr. ANDERSON. If you look strictly at MILCON, the Active Duty is slightly more favorable than the other two components. If you look at all the buckets of funding against the plant replacement

value, of each of the various components, actually the Air National Guard and the Air Force Reserve are slightly better than the Active Duty, when you put all the buckets together, all of which, though again, I will admit, are really level funding amounts.

Senator REED. Now, the Air Force has been promoting the total force initiative as the centerpiece of its transformation. Does the Air Guard have the TFI initiatives, which have MILCON requirements that are not in the fiscal year 2008/2009 budget request?

Mr. ANDERSON. If there are needs in that time period that you suggested, they are in the budget request. There are obviously plans for activities beyond that time period, which would be dealt with later but if they are needs for that time period, they are fully included in those numbers, yes sir.

Senator REED. And that is your understanding, General Ickes.

General ICKES. I think our concern would be are all the TFI projects fully funded? Some of that is still to be discussed. There are a bunch of projects that had to slide out, based on OSD guidance in some directives, so we are a little concerned about will TFI be fully funded through the process in a timely manner.

Senator REED. And General Ethredge, your reaction to that?

General ETHREDGE. Some of the TFI initiatives are presently funded and for example, in the 2008 budget, the project we have at Hill Air Force Base, Utah is a TFI initiative, where we are associating changing the structure there from a UE-equipped F-16 unit to an Associate Unit and we're building a wing headquarters for that wing so we do have some of the TFI initiatives included but you know, looking out into the future, there are a significant number of TFI initiatives we are still investigating that will probably require some further funding.

Senator REED. Let me, Senator Allard, by the time I take one more question and turn it over to you. The Air Guard noted here in the submissions, has no current mission MILCON project initiative request while Active Duty Air Force has 27 projects totaling \$542 million. How does this situation evolve where one component, Air Guard, has nothing and Active has 27 projects, if there is a total force emphasis?

Mr. ANDERSON. Well, Senator, based on a couple of things. One is, when you look at a snapshot of a year, the balance, obviously, can change. The balance of each of the particular funding buckets can change. I would submit that we ought to look at a longer term time period to see how it all flows together. In its current mission MILCON, new mission MILCON, BRAC funding, all needs to be kind of pulled in together. The other thing I would submit is, there are a number of Air National Guard and Air Force Reserve bases or Guard and Reserve operations that actually reside on Active Duty bases. A lot of the current mission MILCON is for quality of life items like fitness centers and dining halls and what have you. They are maybe on the Active Duty list but would be used by all.

So you've got to kind of look at the whole mix and we need to continue to work with the other components to make sure that that balance is fair and I think at this point, with the level of risk that we're taking, appears to be fair. But we've got to continue to look at that and make sure that it is, in fact, giving us what we need for the total force.

Senator REED. Well, thank you, Mr. Secretary. I think you really have to look between the lines to get that fairness. It may exist but it seems like it's starkly one-sided and I will continue to pay attention to that. Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman. I just have a couple of questions. It shouldn't take long and I understand we've got some votes coming up here in the next five minutes or so.

Secretary Anderson, on February 26, had received a delegation letter from the Colorado Delegation in support of acquisition of 23 acres immediately adjacent to Peterson Air Force Base in Colorado and it's—the base hosts Northern Command and Air Force Space Command and it is my understanding that this acquisition is for force protection of Peterson and that there is a willing seller. Has a determination been made if fiscal year 2007 funds will be expended on this effort?

Mr. ANDERSON. Well, sir, let me first start talking about encroachment kind of in general. The Air Force approach has always been that we acquire land as a last resort, if you will. Obviously taking land off of the tax rolls and not allowing it to be developed can be actually a pretty significant negative to a community and we don't want to do that unless we really have to, with a willing seller or not.

The one thing that has really impressed me, quite frankly, about what's been going on in Colorado is that there is a unique partnership that all of the bases in Colorado have been working and it's a very long title and I'll try to give it to you here. The Front Range Combined Military Comprehensive Planning Committee, which each of the bases in Colorado is working with the local communities in a regional way to determine, number one, whether there are true encroachment issues or not and of course, total force protection is one of those particular issues and if there are, how do we work with the communities to resolve that issue best?

At this point, we're still looking at it but it is not evident yet whether there is truly a force protection issue related to that bit of ground or not but we're still looking at it and if it is an appropriate action to take to acquire that land, certainly we would go down that route. We're not quite at this point to suggest that that is necessary yet. We're going to continue to look at it.

Senator ALLARD. Yeah, my understanding is that there is good community support on it and the Colorado Springs area is known for their support of the bases that are posted there. So whatever you could do to move that along would be appreciated.

Mr. ANDERSON. If necessary, sir, we will absolutely do that. Yes, sir.

Senator ALLARD. Thank you. Now, last year this committee noted in a report, some issues surrounding aging facilities at the United States Air Force Academy there, just close by. It is my understanding that more than \$700 million in military construction and operation maintenance dollars were needed to be invested in the Academy and have been invested since fiscal year 2000. Now, a significant portion of the Academy still has an infrastructure concern, is what I'm told. Can you update me on the progress of the infrastructure re-capitalization plan and what challenges there are to re-capitalize the aging facilities at the Air Force Academy?

Mr. ANDERSON. Yes, sir. A couple of items that we had a deliverable to you or to the committee, I should say, about a report, a Master Infrastructure Re-capitalization Plan, which is currently in the hands of our civil engineers and our finance people and will be delivered to the committee shortly, to meet that requirement.

Senator ALLARD. Can you make sure we get a copy of that in our office? Is that possible?

Mr. ANDERSON. Absolutely, yes sir.

Senator ALLARD. If not, we'll get it from the committee. Just let us know.

Mr. ANDERSON. In addition, the findings from 1 year ago, we're taking very seriously. A couple of items we're going to embark on are the average annual funding rate of about \$49 million a year in operation and maintenance for the Academy and an average annual investment of \$11.7 million in MILCON through 2013. Beyond that, we have committed to an annual investment of 2½ to three times the normal, the average investment across all Air Force bases, for the Academy beyond the year 2014 in what we call Fix USAFA.

For 2007, we're looking at \$19 million of operation and maintenance funds that had been earmarked or allocated at this point, an additional \$15 million in 2008 for facility upgrades. There is a comprehensive plan, which you will all see that takes us out through 2013 to help bring the Academy back to the standard it should have.

ADDITIONAL COMMITTEE QUESTIONS

Senator ALLARD. Yeah, one of the problems we have at the Academy is that it was built all at once so everything is aging out all at once and we have to figure out a plan and how we're going to take care of this stuff so it doesn't happen all at once. It creates budget problems, I think. We need to kind of stagger it through somehow or the other. But apparently, one of the more pressing things right now is the infrastructure, which we all understand.

Mr. ANDERSON. We agree and we appreciate your leadership and helping us through this issue.

Senator ALLARD. You bet. Thank you.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO WILLIAM C. ANDERSON

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

ELLSWORTH AFB—FUNDING MOBILITY CENTER UPGRADE

Question. Over the past decade, the facilities at Ellsworth Air Force Base have been substantially upgraded. A primary reason the Base Realignment and Closure Commission rejected the Department of Defense's recommendation to close Ellsworth was because it is a top-notch military installation. Continued upgrades at the base are essential. One project integral for mission readiness at the base, which is not in the FYDP, is the Mobility Center. Currently, deployment operations are housed in three separate buildings that are approximately 50 years old.

In light of the fact that both active duty service members stationed at Ellsworth, as well as South Dakota National Guard units, have used the facility repeatedly to deploy in support of the Global War on Terror, it is important that these facilities be upgraded as soon as possible.

Can you please provide to me a detailed explanation why the Air Force has not supported including this project in the Future Years Defense Program?

Answer. With limited military construction (MILCON) funding available in the out years for MILCON requirements, we can only fund MILCON projects in the Future Years Defense Program (FYDP) which have been vetted through a facility analysis and planning process which determine and validate its need. This process is necessary to determine if renovation or new construction is the most economical way to meet the facility requirements. Prior to the submission of the fiscal year 2008 President's Budget FYDP, the necessary facility analysis was not completed for this project. We are working to complete the facility analysis prior to finalizing the fiscal year 2009 President's Budget.

ELLSWORTH AFB—FUNDING FOR GATE UPGRADES

Question. Currently, all three entry gates at Ellsworth Air Force Base need significant upgrade to ensure they comply with current anti-terrorism requirements. To date, construction for the base gates is funded through O&M funds allocated from Air Combat Command. Unfortunately, with the rising costs of construction, it has become increasingly difficult to finish these upgrades in a timely fashion.

Can you please comment on whether or not the Air Force would support funding these upgrades through the regular MILCON process? Doing so may eliminate funding these upgrades incrementally and allow the base to comply with current antiterrorism requirements.

Answer. Military construction (MILCON) funding is one avenue to upgrade the gates, in lieu of incrementally funding these upgrades with Operation and Maintenance (O&M) funds. However, with reduced MILCON funding and other critical mission essential requirements we are unable to absorb these upgrade requirements in our MILCON funding line. We understand the urgency of these upgrades and because of this the decision was made to execute these upgrades incrementally with O&M funding.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

CRITERIA FOR WORST PERFORMING AIRCRAFT

Question. Mr. Anderson, I understand that the Air Force Chief of Staff appeared before the Senate Armed Services Committee earlier this week and responded to several questions about C-5 and C-17 aircraft. In particular, I note that the Air Force Chief of Staff stated that the Air Force would like to retire 25-30 of the worst performing aircraft.

What criteria is the Air Force using to determine "worst performing" aircraft?

Answer. The Chief was referring to retirement of a portion of the C-5 fleet. When determining the worst performing C-5 aircraft in order to establish retirement order, we take into account maintenance metrics such as mission capability rates and maintenance man hours per flying hour as well as cost-to-repair factors to determine the specific tail number retirement sequence. We also weigh other factors such as the accumulated usage of each airframe, and the cost and time to conduct required maintenance actions to determine retirement order. Finally, we work closely with the C-5 system program office and airframe user to ensure a coordinated fleet management process.

BACKFILL FOR RETIRED AIRCRAFT

Question. Mr. Anderson, I understand that the Air Force Chief of Staff appeared before the Senate Armed Services Committee earlier this week and responded to several questions about C-5 and C-17 aircraft. In particular, I note that the Air Force Chief of Staff stated that the Air Force would like to retire 25-30 of the worst performing aircraft.

Does the Air Force plan to fully backfill aircraft that are retired at the impacted bases?

Answer. Under options currently being studied by the Air Force, units presently flying C-5A aircraft would retain a strategic airlift mission. There are no current plans to close existing units or stand up new units at this time. No decision has been made to retire any C-5A aircraft.

C-5 FLEET

Question. Mr. Anderson, I understand that the Air Force Chief of Staff appeared before the Senate Armed Services Committee earlier this week and responded to

several questions about C-5 and C-17 aircraft. In particular, I note that the Air Force Chief of Staff stated that the Air Force would like to retire 25-30 of the worst performing aircraft.

Under what timeline is the Air Force planning to act and to inform Congress and the impacted bases of such retirements?

Answer. There is no current plan to retire specific aircraft or from specific bases. The proper fleet mix of strategic airlift aircraft is currently under review. Current legislation does not allow the Air Force to retire any C-5 aircraft until the Operational Test and Evaluation report of the C-5A aircraft, currently in flight test, is delivered. The report will not be delivered until fiscal year 2010, two full years after the shutdown of the C-17 production line has begun. If relieved of legislative restrictions, the Air Force would be able to effectively manage the mix of various aircraft fleets. Preliminary options under review include replacing retiring strategic airlift aircraft with new C-17s or backfilling with newer C-5Bs from within the Air Force. No new units are anticipated. Likewise, closures of existing units are not planned. The Air Force will be open and transparent with regard to basing plans.

Question. Mr. Anderson, I understand that the Air Force Chief of Staff appeared before the Senate Armed Services Committee earlier this week and responded to several questions about C-5 and C-17 aircraft. In particular, I note that the Air Force Chief of Staff stated that the Air Force would like to retire 25-30 of the worst performing aircraft.

Are any of the C-5As that are scheduled to arrive at the 167th Airlift Wing over the next 2 years among the worst performers noted by the Air Force Chief of Staff?

Answer. The Air Force has not determined which specific C-5A aircraft will go to Martinsburg, West Virginia. The Air Force must conduct further analysis to finalize the specific aircraft involved and when they will be available for transfer to the 167th Airlift Wing.

Question. Mr. Anderson, I understand that the Air Force Chief of Staff appeared before the Senate Armed Services Committee earlier this week and responded to several questions about C-5 and C-17 aircraft. In particular, I note that the Air Force Chief of Staff stated that the Air Force would like to retire 25-30 of the worst performing aircraft.

Is it true that the Air Force's Fleet Viability Board found the C-5A fleet to be healthy and with decades of service life remaining? Is it also true that the C-5s have about 70 percent service life remaining and can serve through 2040?

Answer. The Fleet Viability Board found the C-5A fleet could be kept viable at least until 2029 (25 years from 2004 assessment) with the addition of the Avionics Modernization Program and Reliability Enhancement and Re-engine Program modifications. In addition, the Board projected the C-5A will likely need an avionics upgrade on the scale of today's Avionics Modernization Program around fiscal year 2020 to deal with technology obsolescence and future operational requirements. According to testing and analyses, from a structural fatigue standpoint, it is true the C-5A has at least 70 percent service life remaining. The Board has not performed any further analysis projecting beyond 2029.

Question. Is it true that during IRAQI FREEDOM operations, the C-5 flew 23 percent of the missions and delivered nearly 47 percent of the cargo; carried 63 percent more cargo per mission than the C-17; and delivered more cargo than any other aircraft?

Answer. The following mission data collected by Air Mobility Command shows the most current figures:

- The C-5 flew 16 percent of the missions (C-17 flew 29.8 percent)
- The C-5 delivered 25.3 percent of the cargo (C-17 delivered 36.4 percent)
- The C-5 carried 25 percent more cargo per mission than the C-17 (Average of 50 short tons per mission for C-5; 38 short tons per mission for C-17)
- The C-5 ranked third in delivered cargo amongst aircraft types (#1. Commercial: 427,769 short tons, #2. C-17: 433,421 short tons, #3. C-5: 301,202 short tons)

Excluding commercial aircraft from the analysis, and only counting military aircraft, the percentages are:

- The C-5 flew 26.4 percent of the missions (C-17 flew 50.5 percent)
- The C-5 delivered 39.5 percent of the cargo (C-17 delivered 56.8 percent)
- The C-5 carried 25 percent more cargo per mission than the C-17 (Average of 50 short tons per mission for C-5; 38 short tons per mission for C-17)
- The C-5 ranked second in delivered cargo amongst aircraft types (#1. C-17: 433,421 short tons, #2. C-5: 301,202 short tons)

OPERATION IRAQI FREEDOM DEPLOY/SUSTAINMENT/REDEPLOY TOTALS

Aircraft Type	Missions	Sorties	Pax	STons	Offloads	Flying Hours	Percent Missions	Percent Sorties	Percent STons	STons/Mission
C-5	6,016	32,277	156,526	301,202	13,395	172,481	15.6	19.6	25.3	50.07
C-17	11,514	54,056	232,812	433,421	25,044	216,697	29.8	32.8	36.4	37.64
C-130	1,440	7,432	6,002	2,253	779	36,811	3.7	4.5	0.2	1.56
C-141	1,426	8,317	33,356	16,780	3,553	40,042	3.7	5.1	1.4	11.77
Commercial	15,856	56,084	2,127,858	427,769	24,649	299,686	41.0	34.1	35.9	26.98
KC-10	521	2,283	10,403	7,699	1,115	13,609	1.3	1.4	0.6	14.78
KC-135	1,690	3,560	16,986	1,491	1,477	27,939	4.4	2.2	0.1	0.88
OTHER	185	567	185	2	60	912	0.5	0.3	0.0	0.01
Total	38,648	164,576	2,584,128	1,190,617	70,072	808,177	.....	.....	.....	.....

OPERATION IRAQI FREEDOM DEPLOY/SUSTAINMENT/REDEPLOY TOTALS EXCLUDING COMMERCIAL

Aircraft Type	Missions	Sorties	Pax	STons	Offloads	Flying Hours	Percent Missions	Percent Sorties	Percent STons	STons/Mission
C-5	6,016	32,277	156,526	301,202	13,395	172,481	26.4	29.8	39.5	50.07
C-17	11,514	54,056	232,812	433,421	25,044	216,697	50.5	49.8	56.8	37.64
C-130	1,440	7,432	6,002	2,253	779	36,811	6.3	6.9	0.3	1.56
C-141	1,426	8,317	33,356	16,780	3,553	40,042	6.3	7.7	2.2	11.77
KC-10	521	2,283	10,403	7,699	1,115	13,609	2.3	2.1	1.0	14.78
KC-135	1,690	3,560	16,986	1,491	1,477	27,939	7.4	3.3	0.2	0.88
OTHER	185	567	185	2	60	912	0.8	0.5	.....	0.01
Total	22,792	108,492	456,270	762,848	45,423	508,491	.....	.....	.....	.....

Question. Please explain why a modernized fleet of 111 C-5s and 190 C-17s, a ratio that has been validated by the U.S. Air Force and other military organizations and studies, is now no longer an adequate solution to meet the Nation's strategic airlift requirements.

Answer. The current programs of record and the resulting 301 strategic airlift aircraft meet current and projected requirements at the "bare minimum" of acceptable risk. The question at hand is the future viability of the Air Force strategic airlift fleet. As the C-5A fleet continues to age beyond an average of 35 years, the increased investment required to modernize and replace portions of the airframe facing stress cracks and corrosion makes this the opportune time to shape the future fleet.

Question. Are there other aircraft in the U.S. inventory, beyond the C-5, that are capable of moving 100 percent of the Department of Defense airlift requirements?

Answer. The Air Transportability Test Loading Agency (ATTLA) is the Department of Defense agency responsible for the approval of airlift cargo. The C-5 is the only aircraft capable of moving 100 percent of the ATTLA approved items. Air Mobility Command identified seven critical, time-sensitive items or National Security Sensitive items that are only airlifted via the C-5. This being said, a robust, modernized C-5 fleet is a force multiplier, carrying roughly twice the palletized payload of a C-17. This enables the C-17 fleet to fully exploit its unique multi-role, aeromedical, airdrop, special-operations and austere airfield capabilities (short/unimproved airfields, direct delivery). The programmed strategic airlift fleet, when fully mobilized and augmented by the Civil Reserve Airlift Fleet, provides sufficient airlift capability to support U.S. strategic and operational objectives during large-scale deployments, while concurrently supporting other high priority operations and sustainment of forward deployed forces.

Question. Mr. Anderson, I also understand that at the Armed Services, the Air Force Chief of Staff made comments about the extensive maintenance requirements associated with the C-5 aircraft. As you are aware, the Air Force is launching a new regionalized approach to standardizing and reducing the time of Isochronal (ISO) Inspection for C-5 Aircraft. In fact, 167th Airlift Wing at the Martinsburg Air National Guard Base has recently been selected as one of three regional sites that will conduct these inspections. ISO inspections are conducted on C-5 aircraft every 420 days in accordance with Air Force Regulations, and include hundreds of inspections covering the airframe, propulsion, and all systems of the C-5 aircraft. Under regionalized ISOs on the 420 day schedule, inspections will only require 15 days per inspection, rather than the current 40-day endeavor.

Do you believe that this new streamlined process developed by the Air Force, which will be in place next year, will help with the C-5 reliability issues that have been raised by the Air Force?

Answer. The primary benefit of regionalized ISO will be increased aircraft availability through reduced inspection and repair time, but it would not address the reliability issues plaguing the C-5A.

Question. Mr. Anderson, I have also heard the Air Force is concerned about possible cost overruns associated with the Reliability Enhancement and Re-Engining Program (RERP) for the C-5 fleet, which is leading the Air Force to consider the premature retirement of the C-5A aircraft. In reviewing the planned modification schedules for RERP, it appears that the Air Force has stretched this program out to the point where the Air Force itself has contributed much to the overall program cost growth that is currently under discussion.

(a) Is it possible that the Air Force's desire to slow down the program drives inefficiencies, which drives up costs? (b) What would it take to accelerate the C-5 RERP program and create greater efficiencies in production? (c) Does the C-5 RERP pay for itself and generate substantial additional savings over the projected service life of this aircraft?

Answer. The Air Force does not desire to slow down C-5 RERP. Rather, the delays and "stretch" to the RERP schedule are due primarily to upward cost pressures for RERP production associated with GE engines, Goodrich pylons and Lockheed Martin touch labor. A detailed Air Force cost estimating effort is underway (projected to be complete by July 2007) that will determine the extent of the cost growth and result in a service cost position for the C-5 RERP. Given a constrained program budget across the Future Years Defense Program (FYDP), any RERP production cost growth will translate into reductions to the planned annual kit quantities and delay the RERP schedule and projected completion dates.

To keep RERP on its previous schedule (and limit the inefficiencies due to reduced production quantities), it would likely take significant RERP funding increases across the FYDP and beyond. The exact amount will not be known until the ongoing cost estimating effort is completed in July 2007. Adding significant funding within

the FYDP above what has been previously programmed for RERP will be extremely challenging given the current fiscally constrained environment.

Ongoing evaluation of C-5 RERP has brought previous estimates of cost savings into question. The assumptions that led to predictions of substantial cost savings through 2040 did not account for the recently identified cost pressures associated with engines, pylons, and touch labor. Analysis of overall RERP cost savings is part of the cost estimating effort projected to complete in July 2007.

Question. What is the interpretation of the Air Force with regard to Section 132 of fiscal year 2004 Defense Authorization Act?

Answer. The language of Section 132, fiscal year 2004 Defense Authorization Act, Limitation on Retiring C-5 Aircraft, provides: "The Air Force may not proceed with a decision to retire C-5A aircraft from the active Air Force inventory that will reduce the active C-5 fleet below 112 aircraft until two conditions are satisfied: (1) the Air Force has modified a C-5A aircraft to the RERP configuration as planned under the program as of May 1, 2003, and (2) the DOD Director of Operational Test and Evaluation conducts an operational evaluation of the RERP aircraft and provides an operational assessment to the Secretary of Defense and Congressional Defense Committees."

The operational evaluation referred to above requires an evaluation conducted during operational testing and evaluation of the RERP aircraft that addresses the performance of the aircraft concerning reliability, maintainability, and availability with respect to critical operational issues. The operational assessment referred to above is a operational assessment of the C-5 RERP program to determine the overall strengths and weaknesses of the program to improve performance of the RERP C-5 aircraft relative to requirements and specifications in effect May, 1, 2003, for reliability, maintainability, and availability of the RERP C-5 aircraft.

Question. I am advised the USAF Program of Record supports modernization of the entire C-5 fleet. Likewise, I understand the 2006 Quadrennial Defense Review and the 2005 Mobility Capabilities Study validated the requirement and support modernization of the entire C-5 fleet. Further, the President's fiscal year 2008 budget request for the Air Force supports C-5 aircraft modernization through the Avionics Modernization and the Reliability Enhancement and Re-Engining Programs.

With all of these official milestone C-5 modernization decisions in place, what has changed and why is the Air Force publicly discussing the retirement of C-5As at this time, conflicting with its own studies and analysis?

Answer. C-5 modernization, specifically the Reliability and Re-Engining Program (RERP), is facing increasing cost pressures bringing into question the cost effectiveness of the program for a fleet of 111 aircraft. It is also our desire to continue the recapitalization of Air Force aircraft. Additionally, the C-5A fleet is showing some significant metal corrosion and stress cracking adding to the investment required to maintain viability of this fleet. The average age of the current Air Force fleet is 26 years per aircraft. The C-5A portion of the fleet is, on average, over 35 years old. Continuing the retirement of legacy aircraft facilitates the equipping of an Air Force able to maintain the required airlift capability for combatant commanders in both peacetime and contingency operations.

Question. Mr. Anderson, I understand the Air Force Chief of Staff appeared before the Senate Armed Services Committee earlier this week and responded to several questions about C-5 and C-17 aircraft. In particular, I note that the Air Force Chief of Staff stated the Air Force would like to retire 25-30 of the worst performing C-5 aircraft.

Is this the official position of the Air Force on the matter?

Answer. The Air Force official position is that we would like the ability, with the Chief of Staff of the Air Force, to manage the Air Force fleet without congressional restriction and mandate. Air Force professionals have the right experience and knowledge to make the best force structure decisions with regard to air and space power. With that being said, we are exploring every option to find the most effective and fiscally responsible answer to meet the strategic airlift needs of the Air Force of today and tomorrow.

If the decision is made to retire some number of C-5A aircraft, the Air Force would use mission capable rate, maintenance man-hour/flying hour, cumulative flight hours, total outstanding structural repair and modification costs, total landings, and next programmed depot maintenance input dates as factors to stratify the fleet.

SUBCOMMITTEE RECESS

Senator REED. Thank you, Senator Allard. Gentlemen, thank you very much for your testimony.

This subcommittee is recessed.
[Whereupon, at 11:30 a.m., Thursday, March 22, the subcommittee was recessed, to reconvene subject to the call of the Chair.]